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Supreme Court of the United States

October Term, 1963

No. 74

SOUTHERN RAILWAY COMPANY, APPELLANT,

vs.

NORTH CAROLINA, ET AL

No. 93

UNITED STATES, ET AL, APPELLANTS,

vs.

NORTH CAROLINA, ET AL

**APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF NORTH CAROLINA**

NO. 94 FILED FEBRUARY 12, 1963

NO. 95 FILED MARCH 12, 1963

RECEIVED SECRETARY NOTED MAY 12, 1963

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MIDDLE DISTRICT OF NORTH CAROLINA

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RECORD PRESS, PRINTERS, NEW YORK, N. Y., AUGUST 22, 1963

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[fol. 340]

Wednesday, July 12, 1961

HUGH McVAY was duly sworn and testified as follows:

Direct examination.

By Mr. Dixon:

Q. Will you state your name, your residence and occupation, please?

A. My name is Hugh McVay; my residence is Post-Office Box 2467, Greensboro, North Carolina; I am Division Superintendent for the Railway Express Agency.

Q. What is the background of your Express experience?

A. Practically all of it has been in the Operating Department, over a period of 34 years.

Q. Do you have charge of the Express schedules, the matter of which express will be handled by REA on the line between Greensboro and Goldsboro?

A. Yes, sir.

Q. In the light of this proceeding, namely, the proposal of the Southern, that these trains be discontinued, have you prepared any plans or new schedules which would govern [fol. 341] the handling of express in the future if the trains came off?

A. Yes, sir.

Q. Do you have exhibits for showing that?

A. Yes, sir.

Q. Could we get them distributed?

A. I have two exhibits, Mr. Dixon, one of the present and one of the proposed order and service, if you would like to distribute one of each.

Q. If Mr. Eisenhart will do the honors.

May we have these identified?

Exam. Gibbons: The Present Schedule will be marked for identification as H 1, and the document described as Proposed Schedule, will be marked for identification as H 2.

(Exhibits H 1 and H 2, witness McVay, were marked for identification.)

By Mr. Dixon:

Q. Mr. McVay, referring to the Exhibit which has been identified as H 1, showing the present schedule of the Express company between Greensboro and Goldsboro—

A. Yes, sir.

Q. Are all of the schedules shown on that exhibit truck schedules?

A. Yes, sir, they are.

Q. I take it that in addition to those truck schedules presently effective, that you also handle some express on Trains 13 and 16?

A. We do.

[fol. 342] Q. Can you tell us the stations, the express stations that are worked by Trains 13 and 16?

A. Yes, sir, all stations between Greensboro and Goldsboro may be worked by 13 and 16, if needed. If we need to. We operate, as you know, by alternate service, by truck between Greensboro and Goldsboro. To identify stations that are exclusively served by 13 and 16, I can do that for you; leaving Greensboro first would be Gibsonville, and beyond Burlington, would be Haw River, Mebane, Hillsboro, Garner, Clayton, Pine Level, and Princeton, North Carolina.

Q. Now, those stations are served exclusively by the trains?

A. That is right. Those stations are not served by our present trucks.

Q. The remaining stations between Greensboro and Goldsboro are served by truck?

A. Yes, sir.

Q. Will you state those stations, coming east from Greensboro?

A. Burlington, Durham, Raleigh, and Goldsboro.

Q. I think you have an exhibit which shows the number of shipments at all of these stations, in the period March 1960 to February 1961, provided as between the monthly shipments and the number of shipments moving on Trains 13 and 16, do you not?

A. No.

Mr. Dixon: Mr. Examiner, can we identify that as H 3?
[fol. 343] Exam. Gibbons: It will be identified as Exhibit
H 3.

(Petitioner's Exhibit No. H 3, Witness McVay, was
marked for identification.)

By Mr. Dixon:

Q. What does that exhibit show, Mr. McVay?

A. This represents the average monthly shipments
handled at all of the offices between Greensboro and Golds-
boro, North Carolina, during the period of March, 1960,
through February 1961. It also indicates the shipments
handled exclusively identifying the offices by Trains 13 and
16.

Q. And what does that represent?

A. That represents four per cent of the total shipments
moved over that line.

Q. In other words, today, on this line between Greensboro
and Goldsboro, the trains are handling four per cent of
the total of the average number of express shipments?

A. That is right.

Q. And of course, the other 90% is already on your truck
line?

A. Yes, sir.

Q. And if the trains are discontinued, you would extend
your truck route, or broaden it to include the whole works?

A. Yes, sir.

Exam. Gibbons: Did I understand you to say that the
Trains 13 and 16 do not serve Durham or Raleigh; would
you like to express the handling of express?

The Witness: Perhaps I didn't make myself clear. Trains
[fol. 344] 13 and 16 and our trucks serve all of the offices
between the lines, is what I said. They do serve those
towns, if need be. In other words, service is available if
we want to use it.

Exam. Gibbons: I see.

Mr. Dixon: I'm not sure I heard that, but let me ask
you.

The Witness: To clarify it, Mr. Dixon, if I might, sir.
Nos. 13 and 16 does operate through Durham and Raleigh,

and if the occasion should demand it, we are privileged to put traffic on the train or bring traffic to it, if we should want to.

By Mr. Dixon:

Q. Now, the larger points on this line are Greensboro, Durham, Raleigh, Selma, and Goldsboro, and Burlington, is that true?

A. With the exception of Selma, I would say yes, that is true.

Q. After; as to these larger points, do you move your express by trucks or by rail?

A. Almost exclusively by truck.

Q. So that if the trains are discontinued, you just simply broaden that operation to include the smaller points?

A. Yes; I might clarify that, maybe, for you a little bit. For instance, Mr. Dixon, if a shipper at Clayton wanted to ship something to Durham, and I couldn't move it by truck because I don't presently serve Clayton with my [fol. 345] trucks; it would have to move to Durham, that particular piece would, by either of the trains.

Q. Is Clayton east or west of Durham?

A. That would be east of Durham.

Q. So you would move it by truck to Durham and put it on the train?

A. No; in that case, we would move it to Durham by train; if it were moving between Clayton and Durham only; since the truck would not serve Clayton, it could not be put on the truck. It would have to be put on the train.

Q. Suppose it was going to Chicago?

A. Most certainly, it would move over by truck, if from a point where we're serving by truck.

Q. We are talking about Clayton.

A. Clayton; if it moved to Chicago, we would take it to Greensboro.

Q. By truck?

A. No, sir.

Q. By rail?

A. By rail.

Q. It would go out of Greensboro? By rail?

A. By rail? It would go out either way, or air, whichever the shipper wanted it to go.

Exam. Gibbons: This Exhibit H 3 does show, however, that during the period March 1960 to February 1961, that [fol. 346] these trains did not handle any express in and out of Durham, is that what this exhibit shows?

A. Yes, sir.

Exam. Gibbons: Or Raleigh?

The Witness: That's right.

By Mr. Dixon:

Q. Or Selma or Goldsboro; is that right?

A. That's right.

Q. And Elon College and Burlington?

A. Elon College and Burlington are served exclusively by truck.

Exam. Gibbons: Why didn't you show any shipments to Greensboro?

The Witness: Well, Greensboro is an original point, and any shipments moving from Greensboro to these offices would automatically be included in these figures, and any moving from these offices to Greensboro would automatically be included in the following figures.

Exam. Gibbons: So that business in and out of Greensboro then, is reflected?

The Witness: Yes; business in and out would be reflected in the figures.

By Mr. Dixon:

Q. As an expert in the express business, would you say that the service proposed would be better or worse than that presently in effect?

Mr. Burns: Objection. We don't even know yet what the [fol. 347] service proposed is going to be; he hasn't said how he is going to take care of the fine North Carolina town of Clayton, we have been talking about. Or Graham, or any of these other towns. Until he says what his plan is, I don't think he is qualified.

Exam. Gibbons: I will sustain the objection, as to such time as the details—

By Mr. Dixon:

Q. Mr. McVay, referring to H. 2, do you have any express stations that have been left out of that exhibit?

A. Yes, sir.

Q. Can you tell us where they should be inserted; and explain the express company's proposal as to what it is?

A. Yes, sir. The express station at Cary, North Carolina.

Q. Where?

A. Cary. It is not shown on this proposed schedule. It is seven miles from Raleigh. The reason it is not shown on this schedule is that it is also served by the Seaboard Railway, and we have made an arrangement with the Seaboard people that if and when it becomes necessary to extend our truck service, we will serve that town exclusively by the Seaboard Railroad, and not by an extension of truck service, since rail service will still be available at Cary.

All other offices presently served by express between Greensboro and Goldsboro are on this schedule.

Q. Is Cary on the main line of the Seaboard?

[fol. 348] A. Yes.

Q. You propose to handle your express business at Cary by the Seaboard?

A. That is right.

Q. And all other stations by truck?

A. That is right.

Q. I get back now to the question I asked you before; as an expert in express, do you say that the proposed service will be better or worse than the present?

Mr. Burns: Objection on the grounds that the Railway Express Company does not have authority at the present time to serve any other towns except the four mentioned previously by the witness, to wit, Burlington, Durham, Raleigh and Goldsboro. And that any other service would require application to an approval by the North Carolina Utilities Commission, and this witness well knows that those things are fought out, and that the company does not always get what it asks for; and it's an assumption to as-

sume that just because this company wants service, it's going to get it.

Mr. Dixon: Sir, I think my friend, Kent Burns, is pushing this a little far; my question is based on the assumption; and in the absence of train service, the North Carolina Utilities Commission would meet the public need by authorizing truck service in this area. Now, to me, you know, anything else just doesn't make sense. We have had these [fol. 349] train cases all over the south; on 80 thousand miles of railroad, and that's how it has always worked out, and it's just bound to work out that way; you can't tell these people they can't have express service in the absence of train service. So, getting back to what I said in the beginning; my question as to whether, the question as to whether it is better or worse is premised on the proposition that the North Carolina Utilities Commission would authorize such truck service for the handling of express; and I can't imagine anybody objecting to it; the common carriers ordinarily don't object to truck applications for handling express; they are not in the express business.

Mr. Burns: Ask this witness what happened between Greensboro and Winston-Salem.— And based on that statement, if your Honor please, I would like to raise additional objection on the grounds that it calls for an opinion, a hypothetical question not based upon the existing facts.

Exam. Gibbons: Has the Railway Express applied for any additional authority to serve these additional towns?

The Witness: No, sir.

Exam. Gibbons: It proposes to apply to the State Regulatory Commission for additional authority in the trains are discontinued?

The Witness: Yes, sir.

By Mr. Dixon:

Q. As well as the Interstate Commerce Commission; because you handle interstate shipments as well as intrastate [fol. 350] shipments. This is not merely a matter for the North Carolina Utilities Commission, is it?

A. No, sir, it is not.

Exam. Gibbons: I'm going to permit the witness to express an opinion. Objection overruled.

The Witness: It is my—

Mr. Burns: May I ask a question; I'm not sure what rules cover this, but are we required to make an exception on each ruling?

Exam. Gibbons: No, sir.

Mr. Burns: I didn't think we were; I wasn't quite sure; thank you.

The Witness: It is my opinion that we would be in a position to give an improved service to the public through the use of our own trucking facilities.

By Mr. Dixon:

Q. I think that you said, in your judgment, REA would be in a position to give an improved service to the public through the use of your own trucking facility; did I hear you correctly?

A. Yes.

Exam. Gibbons: Do you know if that would require a purchase of additional equipment?

The Witness: In this case, no. It would not.

Exam. Gibbons: Proceed.

By Mr. Dixon:

Q. I had proposed to get around to that, Mr. Examiner; now, I don't think it is necessary. I was going to ask the [fol. 351] witness whether his available trucking facilities were adequate to take on this 4% of the total traffic that now moves by rail.

A. We could take on four times that much traffic.

Q. Yes, sir, thank you. Now, Mr. McVay, do you have any labor problem, if the trains are discontinued?

A. I cannot foresee any labor problem.

Q. Well, will any of your employees be released from service or down-graded?

A. We operate on 13 and 16 with one employee, and he is classified as an express messenger. The need for that man is that he can protect values, and assist in the loading

or unloading of trains at these offices. We operate on a seniority basis, the same as practically all of the railroad industry. That man who is governing the particular assignment in Greensboro and Goldsboro would not be affected other than his employment would be—he would still do the same type of work at the same salary—but, of course, there would be no work for him to do on the particular line in question.

Mr. Dixon: That's all I have, Mr. Examiner.

Exam. Gibbons: Cross examination, anyone?

Cross examination.

By Mr. Burns:

Q. Mr. McVay, as Division Superintendent of the REA in Greensboro, I take it you are familiar with the application of your company for authority to the North Carolina [fol. 352] Utilities Commission for authority to serve Burlington as an off-route point, which was made recently; are you not?

A. I am, yes.

Q. Now, that authority was granted to your company, was it not?

A. It was.

Q. And that authority was granted on February 24, 1961? Wasn't it?

A. I can't say it was, because I don't remember the date; but I do know it was granted; I don't recall the date.

Q. Do you know if it was this year?

A. Yes, this year.

Q. Do you know whether it was in February?

A. I believe it was, but I am not positive as to the date.

Q. Will you, subject to check, accept that it was February 24th?

A. I certainly would.

Q. Your Exhibit H 3 purports to show shipments for the year, March, 1960 to February, 1961, is that right?

A. Yes.

Q. Now, until the last four days of that one year period,

your company did not have authority to serve Burlington as an off-route point?

A. That would be right.

Q. Is the purport of this exhibit that you handle 8,552 shipments during that four day period?

[fol. 353] A. I don't quite follow you there; I don't handle 8,000 shipments in Burlington, I can answer it that way.

Q. In other words, this exhibit shows some shipments that were actually made over the train, which you have assigned to the trucks, is that right?

A. This exhibit, Mr. Burns, was prepared to show what we presently are doing; all of Burlington, and in recent months, Elon College has become part of Burlington; the Elon College shipments are also in this number of shipments. In other words, under our present operating procedure, these shipments move by truck, even though the trains are still operating through Burlington and Elon College.

Q. Well, virtually all of the 8,552 shipments you show for Elon College and Burlington were actually handled on trains 13 and 16, were they not?

A. A great portion of them were handled on 13 and 16 prior to the time that Burlington was taken into our trucking operation.

Q. That would be the last four days of this year that you are talking about?

A. Yes.

Q. Do you know that you have shippers that prefer the use of train to the use of truck?

A. No, I can't say that I know; I would suppose that there were people that would, of or for their own reasons. I have not been told by anyone that they preferred train to truck service.

[fol. 354] Q. Now, would you; one of your best shippers on this entire route testified that he prefers train to truck. Would that affect your conclusion as to future use of your truck service; should it be granted?

A. No, I don't think if one did, I don't think it would affect the final conclusion, no.

Q. What if it happened to be one of your biggest shippers?

A. I still would answer the same way.

Q. In other words, you don't care about it?

A. Yes, I most certainly do. Mr. Burns, I would like to take into consideration all of the factors that are involved, rather than just this preference, if I have to serve them.

Q. The fact is that you did not ship any express over trains 13 or 16 either to Durham or Raleigh during the one-year period shown on your Exhibit H3, is that correct?

A. No, sir; I wouldn't say that is absolutely correct.

Q. What is absolutely correct?

A. As stated previously, Mr. Burns, it would not be possible for us to ship our truck as you quite well know, from Haw River, Mebane, Hillsboro, Garner, Clayton, Pine Level or Princeton, because we have no authority to operate a truck in or out and serve those particular points; so if a shipment were moving from Princeton to Durham, we will say, and then, now that we only have train service, it would have to move by train.

[fol. 355] Q. In other words, the purpose of your Exhibit H 3 is not to show the actual situation as it existed during the year, for which you have chosen some figures; but to show what the situation would have been had you had used your truck service to the fullest extent possible?

A. Well, let us answer it this way, Mr. Burns; it reflects what we are doing now and we feel that we are utilizing the truck situation about as full as can be done at the present time.

Q. I take it that you don't like trains express service?

A. I wouldn't say that, no, sir.

Q. Well, why don't you use it?

A. We do.

Q. Well, your exhibit doesn't show any such use, does it?

A. We use train service extensively as you quite well know, we use a lot of what we call feeder service, Mr. Burns; when it is feasible or more economical to do so, trains; truck service, when it is possible to handle the business that way; but, by and large, when we hit the main lines of the railroad, it is more or less exclusively train service.

Q. In other words, the fact that this is a branch line would induce you to use truck—

A. To some extent it would, if that; to some extent it would affect my conclusion, you are correct.

Q. Now, the 4 per cent that you show being a proportion of the total, is not the actual experience of your company [fol. 356] during any given year, is it?

A. The four per cent, Mr. Burns, is that traffic which presently moves in 13 and 16.

Q. Which could not be moved under your present truck authority?

A. That's right. And, as stated, I'm moving every pound that I possibly can on the trucks.

Q. Have you made any effort not to use the train during that year?

A. No.

Q. Do you have the actual figures for your company, showing average shipments, or actual shipments, for the period March 1960 to February, 1961, showing the exact means of transportation actually used?

A. Those records would be available in our accounting department in New York; they were sent there; I would say they are available, individual records, one for each shipment, Mr. Burns.

Q. Where did you get the information here?

A. From our statistical reports, from our offices along these lines.

Q. They don't have the same type of information?

A. They have an account of the shipments, Mr. Burns.

Q. Is that all?

A. Yes.

Q. So you really don't know how they moved, except— [fol. 357] A. Yes; I think that the exhibit is accurate; I think it is an accurate reflection of just what I stated.

Q. Now, you know that you didn't move some shipments by rail into Burlington and Elon College between March 1960 and February 1961, don't you?

A. Yes, sir, we certainly did.

Q. You moved a lot of it?

A. That is exactly right.

Q. Is there any way to find out just what you did do?

A. Yes, there is, I would say, there is a very definite way to find out. Just about what we would do.

Q. I didn't ask you what you would do; I said what you did do?

A. All right, let's turn around and see what we did do.

Q. Can you find that out?

A. I can give you an estimate. I can't find it out without some weeks of research possibly; but I would say this, Mr. Burns; prior to the time that the Commissions, the ICC, and the Utilities Commission gave us our authority based on our application to serve Burlington and Elon College, which is now a part of Burlington, gave us authority to use our trucks instead of using train service; the 8,552 shipments most certainly would have been moving by rail because we had no operating authority by truck into Burlington.

Q. What do you mean by average monthly shipments as shown on your Exhibit H 3?

[fol. 358] A. That's the total divided by 12. The average number of shipments that moved per month, if you want to state it like that.

Q. In other words, to find out how many shipments you handled for the year, we could pretty well take the total at the bottom and multiply by 12?

A. I don't quite follow you, Mr. Burns.

Q. These are monthly shipments; now what we want to know is yearly shipments?

A. I would say you would be reasonably accurate to do that, yes.

Q. So there would be approximately 12,000 shipments, 12 to 13 thousand shipments that you could not handle even, strike out even, that you could not handle if Trains 13 and 16 were removed?

A. Unless we were given authority to expand our truck operations.

Q. What's the minimum charge on your shipments?

A. It varies some, Mr. Burns; depending on the commodities, but generally speaking, I would give you a figure of about \$2.84.

Q. And so your revenue; two dollars and what?

A. \$2.84.

Q. And so your revenue would be a minimum of about

\$2.84 for about 276,000 shipments a year over this line, is that right?

A. Well, it would be a minimum of \$2.84 for approximately 12 times 23,000, I will say that.

Q. Better than three-quarters of a million dollars a year, is that right?

A. I wouldn't say so, Mr. Burns, without calculating it. If you have calculated it—

Q. If you take 275; well, take 12 and multiply it by 23, which is considerably short of what you actually did; it would be nearer 24, wouldn't it; 24,000 shipments a month?

A. Yes.

Q. If you multiply 12 times the 23, rounding out to the lowest number, you would have about 276,000 shipments a year; a minimum revenue, according to your own estimate, of \$2.84, is that correct?

A. That is about the average, yes, sir.

Q. If you round that down to be on the safe side again, \$2.75, per shipment, and then it would be approximately \$800,000 a year, would it not?

A. I haven't calculated it, Mr. Burns, I really couldn't say.

Q. That's a pretty good estimate, isn't it?

A. It might be at those figures.

Q. It certainly couldn't be any less than that, could it?

A. I wouldn't say; now, if you want me to, Mr. Burns, I will undertake to calculate it for you and give you something; but right off hand, I couldn't give you a yes or no answer whether it is or not.

[fol. 360] Q. Well, we can have the figures in the record, and I suppose anybody that has a pencil can make the computations.

You will accept, subject to check, that you do handle approximately 12 times 23,983?

A. That is at approximately \$2.84 per shipment, yes, sir. That is about as near as I can get to being accurate.

Mr. Dixon: I don't like to interrupt, but I think the record ought to be clear that those are not rail shipments that are being discussed.

Mr. Burns: We are going to come down to the rail shipments now.

Mr. Dixon: You will get a lot smaller numbers.

Mr. Burns: Even if the figures on your H 3 were correct, and that you actually did not handle any shipments at all during the 12 months period to Elon College and Burlington, you would still have about 12,000 shipments, by Trains 13 and 16, is that not correct? During that year period?

The Witness: If we did not handle anything for Elon and Burlington, did you say?

By Mr. Burns:

Q. By rail?

A. In a year?

Q. In a year.

A. On an annual basis, we would handle about roughly 12,000 shipments by 13 and 16, that is right.

Q. Now, that would be express revenue for the railroad, express business handled by the railroad, somewhere in the [fol. 361] nature of \$34,000 a year, on that basis.

A. Close to that, yes, sir.

Q. And that is assuming that the 9,000, or nearly 50 per cent of the total that was actually handled by Trains 13 and 16, went by truck—

A. I don't quite follow you.

Q. You said a minute ago, that practically all of the 8,552 shipments that you shewed, Burlington and Elon College, actually went by train.

A. Prior to the time that we got authority to move by truck, you are right.

Q. Prior to the last four days of the year?

A. Yes.

Q. Now, the figure 34,000, assume that; or that 8,552, which actually moved on train, you would assume that those shipments were moved by truck, is that right?

A. I still don't quite follow you, Mr. Burns. If you don't mind repeating it.

Q. Let me repeat it. If we get, we figure out, take the 1,049 and multiplying it by 12 to get an annual figure, then multiply that by 2.84, we come up with approximately \$34,000; is that right?

A. Yes.

Q. Now, the \$34,000 figure that we come up with here, does not include any of the 8,552 shipments that Burlington or Elon College had?

[fol. 362] A. That's right.

Q. Which actually moved on the train, which under your exhibit, moved by truck, is that right?

A. It formerly moved by train; it will not move by train hereafter; it has been changed to truck service.

Q. You still can use the train as long as the train is there; there is no law prohibiting you from using the railroad?

A. You are right about that.

Mr. Burns: I believe that's all the questions I have.

Exam. Gibbons: You mentioned an express messenger on Trains 13 and 16, is there one in each direction?

The Witness: No, sir, only one.

Exam. Gibbons: That express messenger was not included in Mr. Waters' figures of yesterday?

The Witness: No, Mr. Waters doesn't include ours.

By Mr. Bryant:

Q. Mr. McVay, I show you what purports to be Docket R 5, Sub 172 of the State Utilities Commission, in the matter of the application of the Railway Express Agency for authority to transport express shipments over highways between Greensboro and Burlington, Greensboro and Asheboro, High Point, and other terminals, and ask you if that order of the Utilities Commission is not dated the 24th day of February, 1961?

A. Yes, sir, it certainly is.

Q. And that shows that there were no protestants for the application of the Railway Express Agency, does it not? [fol. 363] A. Yes, sir, that's what it says.

Q. If February 24, 1961 is the correct date on which the order was made, would you say that your Railway Express Agency did not start shipping by truck to these points until after this order was signed?

A. That order, if I viewed it right, is an order from the North Carolina Utilities Commission; is that right?

Q. Yes.

A. Intrastate traffic?

Q. Yes.

A. It would not have moved to Burlington by any means other than by rail, until the effective date of that order.

Q. So that you did not start shipping by Railway Express trucks until this order was signed?

A. Yes, sir.

Q. To these points here?

A. Yes, sir.

Q. And you, I mean you were not operating; I'm not sure I understand you; you were not operating in defiance of the order, but you waited until the order was signed in order to operate in compliance with it, is that correct?

A. You are correct in your assumption; we do not operate unless we have an order; but I might say this to you, we have to file applications with the Interstate Commerce Commission and with the NCUC, and on some occasions one or the other, but in most instances, it is the ICC that [fol. 364] will grant the authority for handling interstate shipments. Before we have authority to handle intrastate shipments. In such cases where we have duplicate services, we sometimes start our interstate movement in advance of starting the intrastate movement; or in other words, we might begin the truck service on shipments moving from one state to another, and confine it to that; and when the order comes through from the NCUC, we would start the intrastate business.

Mr. Bryant: I would say, your Exhibit H 3, I believe, shows the volume of shipments from March 1960 through February 1961, is that correct?

The Witness: Yes, sir.

By Mr. Bryant:

Q. I assume that from the first day of March, 1960, through the last day of February, the 28th of February, 1960, 1961; is that correct?

A. Yes, sir.

Q. And you show average monthly shipments during that period, from Elon College and Burlington with 8,552 by truck, and none by train, is that correct?

A. That is the average number of shipments that was handled at the Burlington office.

Q. Is that what your exhibit shows here?

A. My exhibit reflects what we have, what we are presently doing and what we will do hereafter, as far as Elon [fol. 365] College and Burlington traffic is concerned.

Q. Why do you label it then Volume—Shipments, from the 1st of March, 1960 through February, 1961? And show no shipments by train during that period?

A. As I previously stated in my testimony, prior to the Commission's giving the authority to use truck service on the Burlington and Elon College, that entire volume moved by train.

Q. You show on this same exhibit No. 3, that there was average monthly shipments from March 1960 to February 1961, from Durham of 9,289, and you show that none of those were by train on your exhibit, do you not?

A. That's right.

Q. Now, if during that period, from March 1, 1960, to 24 February, 1961, you did ship by train because you had no authority to ship by truck, then this exhibit does not reflect the true facts, does it?

A. If what you have just stated was the facts, then your assumption would be right. But, I would like to call your attention to the fact that for a number of years, we have had truck authority to serve Durham between Greensboro and Goldsboro; that dates back some several years, and possibly coincides with the removal of some other trains. And I believe it was based on that, between Greensboro and Goldsboro. We have been serving for a number of years Durham, Raleigh, and at one time, extensively at Selma, [fol. 366] but now almost none at Selma, and Goldsboro.

Q. Are you telling me that prior to 24th of February 1961, that you did all of your express shipping to and from Durham by truck?

A. Virtually all of it, I would say, yes.

Q. How about Burlington and Elon College?

A. No, sir, I wouldn't say that because we didn't have the authority up until you have just shown me.

Q. If you got the authority for Burlington-Elon College on 24th February, 1961, and—

A. Yes.

Q. And for four days, out of that month there, 30 days from March; I mean, four days out of the month of February, that means that approximately, one-seventh of your shipments for that period were carried by train, does it not, for the month of February, 1961, from Burlington?

A. Now, I wouldn't say that that would be right.

Q. Six-sevenths by train and one-seventh by truck, is that right?

A. I think that is getting close to right, yes.

Q. You show that during that period, to the end of February, 1961, there were no train shipments of express, did you not?

A. As you are looking at the exhibit, yes, sir.

Q. Then, your exhibit, in that respect, is just about six-[fol. 367] sevenths incorrect, isn't it?

A. If you want to view it from that standpoint, yes, sir.

Q. I'm viewing it from what you said; you gave the volume.

A. I have already explained, if you please—that's historical data.

Q. Who prepared this exhibit?

A. I did.

Q. Who, under whose direction?

A. Under my own.

Q. You mean no one asked you to get this exhibit up?

A. Certainly did not.

Q. You weren't requested by anybody at all?

A. No, sir.

Q. To prepare this exhibit?

A. I was not.

Q. You just, on your own motion, you prepared and brought it here this morning?

A. I prepared it and I have it here with me this morning, yes, sir.

Q. And nobody asked you to prepare it and nobody asked you to bring it here this morning?

A. They absolutely did not.

Q. And now you have duplicating service, or duplicating service between Greensboro and these points here—Burling-

ton, Durham, Raleigh, Selma, and Goldsboro; available by train, is it not, the express shipments?

[fol. 368] A. Yes, sir.

Q. And it is just a question of which alternatives you decide to use, whether you ship it by truck or by train, is that right? You have your choice to ship either way, do you not?

A. It could be shipped either way; let's put it like that.

Q. It could be shipped either way?

A. It could be.

Q. Who determines which way you want to ship it?

A. We do.

Q. That's the Railway Express Agency?

A. Yes, sir.

Q. And Southern Railway Company never protested when you asked permission to take all of this freight business away from them, or give the right to ship by truck, did they?

A. To my knowledge, they did not protest.

Q. You would have known it, wouldn't you?

A. I certainly think I would have.

Q. Is it correct to say that Southern Railway Company did not protest the loss of this freight business?

A. Yes, sir, I think you are absolutely correct.

Exam. Gibbons: You are referring to express, aren't you?

Mr. Bryant: I use the term "freight"; I was in error; I had reference to express; thank you for the correction.

By Mr. Bryant:

Q. Now, Mr. McVay, if train No. 16, as it left the Durham [fol. 369] station this morning, had on the back of the train a refrigerator car, would you know what type of freight was being shipped; I beg your pardon; express being shipped in that refrigerated car?

A. Yes, sir, I think I would.

Q. What would you say?

A. That is a perishable commodity moving to Raleigh.

Q. Would it be milk?

A. No, it's not milk, it's fruit.

Q. Fruit?

A. Yes.

Q. That would have to be shipped, that commodity would have to be shipped in a special type of truck, would it not?

A. That commodity, if it were shipped the distance that this particular one moved; I believe it was coming from out in the western, from the west coast, would have to be in a refrigerated truck, yes, sir.

Q. Well, does the Railway Express have refrigerated trucks in Greensboro?

A. In Greensboro we do not have refrigerated trucks.

Q. So you are not now equipped to perform that type of transportation, delivery of fruits and commodities of that nature?

A. I might say this, about the car that you referred to, it did not move from Greensboro.

Q. Didn't what?

[fol. 370] A. Did not originate in Greensboro. We do not presently handle refrigerated trucks or refrigerated trailers.

Q. So that if these trains were discontinued, that's going to, that means that the Railway Express would have to obtain additional equipment in order to be able to handle that type of merchandise?

A. If that particular car that you speak of, which did arrive this morning, if it, if the Railway Express continued to handle that particular traffic, they would have to make some special arrangements to get it to Raleigh, that's right.

Q. Does the Railway Express have a milk truck in Greensboro?

A. I don't know what you are referring to.

Q. A truck designed to transport milk.

A. I would say no; we handle no milk, so I know of no reason to have a truck.

Mr. Bryant: I believe that is all I want to ask the witness.

Exam. Gibbons: Further cross examination?

By Mr. Graham:

Q. Mr. McVay, not to belabor the point that Mr. Bryant made in his cross examination with respect to your Exhibit H3; am I correct in assuming that there were no shipments of express by your agency, which originated in Durham during and entire year period, and went to any of the other points which are indicated on your exhibits, which are served only by the railroad.

A. No, you would not be correct; and if you don't mind, [fok 371] I will explain.

Q. I will be happy for you to.

A. Some of our statistical figures might shed some light on this.

Let's take the shipment volume at Mebane, North Carolina, of 440 shipments for a month. That includes all shipments coming into the town, and all shipments going out of the town; they may or may not, I wouldn't know the details, whether or not any of those shipments move from Durham to Mebane; I wouldn't know about that.

Q. In other words, your exhibit as indicates on its face, that no shipments of express originated or terminated by rail in Durham, and it may very well be misleading and incorrect?

A. It could be very well misleading, yes, sir.

Mr. Graham: That's all.

Mr. Jones: May I ask one question?

By Mr. Jones:

Q. You said that nobody asked you to prepare Exhibit H 3; in fact, you prepared it yourself and brought it here. How did you find out what to put on it, as to the ICC Finance Docket 21563?

A. I did not put that on there.

Q. You did not put that on there?

A. No.

Q. Didn't you state to Mr. Bryant that you prepared this exhibit and brought it down here?

[fol. 372] A. Yes, sir, I prepared the exhibit from the statistical reports in my office. Nobody asked me to prepare it, that exhibit.

Q. But you did prepare it yourself?

A. I did.

Q. You brought it down here?

A. Yes, sir.

Q. Were you subpoenaed to be at this meeting, this hearing?

A. Subpoenaed?

Q. Yes.

A. No, I wasn't; I was requested to be here, but I wasn't subpoenaed.

Q. You say you were asked to be here?

A. Yes.

Q. By whom?

A. My Vice-President wrote me and told me to attend this hearing.

Q. So you weren't asked, you were told?

A. You might put it like that, yes, sir.

Q. When you were told that, you thought you had better get up a little something or another to bring down here, is that right?

A. Yes.

Q. He didn't tell you to get anything?

A. No, sir, he didn't tell me to do anything.

Q. He didn't ask you to bring anything, you just did [fol. 373] that on your own hook, right?

A. No one asked me to bring the exhibit that you refer to. Someone did ask me to bring exhibits as to present and proposed schedules.

Q. Is that your boss?

A. No, sir.

Mr. Dixon: Mr. Examiner, I don't like to interrupt; but it seems to me that all of this is irrelevant, and it has nothing whatever to do with the merits of this controversy. Mr. McVay is here, he has given the facts and of course, he is subject to cross examination on the facts, but how he got here, or who prepared the exhibits, that's all irrelevant so long as the exhibit is correct; and I think, in the interest

of time, we ought to cut down on this, otherwise, we will be here a long time.

Mr. Jones: Well, of course, I don't agree with Brother Dixon; he has given the facts, he has given some testimony here, but anyway that's a matter of argument; let me ask you this; are you in favor of taking off these trains?

The Witness: From an operational standpoint of the Railway Express Agency, I would be in favor of it, yes, I think so.

By Mr. Jones:

Q. What other kind of a standpoint?

A. That's the only standpoint that I would consider.

Q. So, from your standpoint, it would be better for you to reduce your method of transporting of express from [fol. 374] two methods to one method, is that what you tell us?

A. I would prefer to do that, yes, sir.

Q. In other words, you would be better off, you think, to eliminate one of the methods which is available to you, to your company, to transport the express?

A. On this particular line, yes, sir.

Q. Did your boss tell you testify to that down here?

A. No, sir.

Mr. Jones: That's all.

By Mr. Burns:

Q. You mean to sit there and tell us that you think that you would be better off without any rail service available to carry your railway express shipments to these points, when you wanted to take them by rail?

Mr. Dixon: Sir, is this a recross; are we going through the line again; are we going to do this with every witness?

Mr. Burns: I withdraw it.

Mr. Dixon: Let's agree on some procedure and try to get this thing behind us.

Mr. Burns: I withdraw it.

Exam. Gibbons: All right, is there anyone who hasn't had the opportunity of cross examining?

(No response.)

Exam. Gibbons: The witness may be excused.

Mr. Dixon: I just have one or two questions on redirect; I want to be certain, Mr. McVay, that I understand correctly [fol. 375] rectly your Exhibit H3.

Redirect examination.

By Mr. Dixon:

Q. As I understand it, during the period March, 1960 through February, 1961, the average monthly shipments of express to and from the stations indicated on that exhibit, are those shown in the first column, and they total 23,983, and that represents the shipments irrespective of the method of transportation?

A. That is right.

Q. Under the new plan, which apparently became effective in February, 1960, or 1961, on the same volume of traffic, Trains 13 and 16 would have received only the shipments listed in the second column, which total 1,049, and represent 4% of the total shown in column one?

A. That is right.

Mr. Dixon: That's all I have.

Mr. Burns: I have a question of the witness in reference to that.

Recross examination.

By Mr. Burns:

Q. Everyone of those 23,983 average shipments that you show on your Exhibit 3 can be shipped by Trains 13 and 16, can they not?

A. Yes, they could all be moved on Trains 13 and 16.

Mr. Burns: No further questions.

Mr. Dixon: No further questions.

[fol. 376] Exam. Gibbons: The witness is excused.

(Witness excused.)

Mr. Dixon: Sir, may the witness be excused from the hearing; as testimony shows, he is stationed in Greensboro, and I'm sure he wants to get back to his job?

Mr. Burns: We have no objections, sir.

Exam. Gibbons: The witness may be excused.

At this point, we will take a brief recess. We will recess until 25 until 11:00.

(Short recess taken.)

Exam. Gibbons: On the record.

Mr. Dixon: Mr. Examiner, before we call the next witness, I would like to say for the benefit of the Examiner and the parties that the relations between the Express Company and the Southern Railway, and other railroads throughout the country have been approved by the ICC in Docket No. 33140, which constitutes an approval of the operating agreement between the railroads and the Express Company, effective October 1, 1959. I think that we have called Mr. Gleason.

A. B. GLEASON, was duly sworn and testified as follows:

Direct examination.

By Mr. Dixon:

Q. I ask you your name, address, and occupation. I take it you were sworn.

A. Yes, sir. A. B. Gleason, I reside in Washington, [fol. 377] D. C. I'm a Supervisor Statistician for Southern Railway System.

Q. What is your railway experience?

A. I have been with the Southern Railway for a period of more than 30 years; all of this service has been in the Accounting Department; the last nine years, I have been in the Statistical Section.

Q. Have you or have you not testified in train discontinuance cases?

A. I have, sir.

Q. I think this is the first one we have had before the ICC.

A. That is correct.

Q. There have been numerous cases before the various State Commissions?

A. Yes, sir.

Q. I think you have testified in this case when it was before the North Carolina Utilities Commission; you testified in this case?

A. Yes, sir.

Q. Mr. Gleason, will you turn to our application, to the ICC, and state the pages and exhibits for which you are responsible, and which you support at this hearing?

A. Starting at the bottom of page four, and going on to the top—

Q. Wait a minute; at the bottom of page four, is that the last sentence on the page?

[fol. 378] A. Yes, beginning "Southern Railway has sustained a wholly distributed—"

Q. That's where you start?

A. Yes, sir.

Q. All right, sir, that's page four. Now you go over to page five, and how much on page five are you responsible for?

A. The first paragraph ending with the words "progressively declined."

Q. That ends with "patronage of the trains has progressively declined."?

A. That is correct.

Q. Now, where do you start up again?

A. On page 25, under Item 7, "The traffic transported—"

Q. How far do you go, Mr. Gleason?

A. Through the top of Page 31, the first two lines.

Q. The first two lines, top of page 31?

A. Yes, sir.

Q. That takes care of the text of the application; how about the exhibits?

A. My exhibits are No. 3, 24, 25, 26, 27, 28, 29, 30, and 31.

Q. Do you have any corrections to make in the text of the application from which, for which you are responsible or in the exhibits to which you have referred?

A. No, sir.

Q. Are all the statements and figures true and correct to the best of your knowledge and belief?

[fol. 379] A. They are, sir.

Q. Now, Mr. Gleason, I understand that you want to bring some of these matters up today?

A. Yes, sir, my exhibits in the Petition cover the two calendar years, 1959 and 1960, as required by the Interstate Commerce Commission, and I want to bring these exhibits up through May, 1961, with the exception of Exhibits 30, which is the Balance Sheet, and 31, the Income Statement. Then up through April, 1961, the last, the latest month available.

Q. Do you have a supplemental exhibit, that you want to introduce and bring these figures up to date; has it been distributed?

A. No, sir.

Mr. Dixon: Mr. Examiner, we weren't just sure how you wanted these new exhibits to be numbered, so we just left the Exhibit Number blank; should we just start in with H 4, and go right on through?

Exam. Gibbons: And then consecutively thereafter, begin with H4.

The Witness: Mr. Dixon, some of these, say H 4, in the original ones, that's one exhibit consisting of two sheets, do you want the H 4 sheet one, and sheet two?

Mr. Dixon: Well H4 seems to be an exhibit of two pages?

The Witness: Yes, sir. It is Passengers Handled on Train 13 (Operating Daily Goldsboro, N. C. to Greensboro, [fol. 380] N. C.) January Through May 1961—151 Trips. And then on the second page, it says the same thing, except as relates to Train 16.

The Witness: Yes, sir.

Mr. Dixon: Mr. Examiner, could we number that Exhibit H4, page 1 and page 2?

Exam. Gibbons: It may be so marked for identification; and let's mark all the rest of them that he's got, testified to, at this time. Let's mark them all at this time.

Mr. Dixon: Exhibit identified H4, pages 1 and 2, bring up to date, your Exhibit No. 24 attached to the application; is that true?

The Witness: Yes, sir.

Mr. Bryant: Mr. Dixon, you say up to date, do you mean through what?

Mr. Dixon: Through May, as indicated on H4, Mr. Bryant.

Mr. Bryant: Thank you.

Mr. Dixon: Now, the next exhibit would be H5, consisting of one sheet entitled Passenger Traffic Statistics, and I believe that brings up to date your Exhibit No. 25?

The Witness: Yes, sir.

By Mr. Dixon:

Q. Up to date of May 1961.

Now, the next one is H 6, entitled Trains 13 and 16 operating between Greensboro, N. C. and Goldsboro, N. C., Passenger Traffic Statistics, and that brings up to date; but I don't know what day; Exhibit No. 26.

A. Yes, sir, same as the others, five months of 1961.

[fol. 381] Q. Oh, yes, it's shown on the bottom on the left, five months; that's the addition, that last line?

A. Just one additional line has—

Mr. Eisenhart: In other words, you have copied 26 and added the line?

The Witness: That is correct.

By Mr. Dixon:

Q. And an exhibit identified as H 7 is entitled Operating Results of Passenger Trains Nos. 13 and 16, Greensboro, N. C. to Goldsboro, N. C., January through May 1961; and that brings up through May 1961, the showing made on Exhibit 27 attached to the application?

A. Yes, sir.

Q. Does 28 have anything to do with it?

A. No, sir.

Q. Exhibit H 8, entitled Feeder Value of Trains 13 and 16, Operating Between Greensboro, N. C. and Goldsboro, N. C. accruing to the Southern Railway System; January through May, 1961, supplement Exhibit 29, attached to the Application?

A. Yes, sir.

Q. Exhibit identified as H 9 is your Balance Sheet as of April 30, 1961, and it supplements Exhibit 30 attached to the application?

A. Yes, sir.

Q. Exhibit H 10 is your Income Account ending April 30, 1961, and that supplements the Income Account shown on Exhibit 31, attached to the application?

[fol. 382] A. Yes, sir.

Q. Mr. Eisenhart called attention to the fact that one of the supplemental exhibits adds to both Exhibits 27 and 28, and that—

A. Yes, sir, if I may explain. Exhibit 27 is a one sheet exhibit showing the Operating Result of these two trains for the year 1959. Exhibit 28 shows the Operating Results for the year 1960; that consists of ten schedules that is prepared in the so-called NAEUC Formula. We didn't think it necessary to prepare both years in this formula; it is quite a voluminous task.

Mr. Dixon: Mr. Examiner, these exhibits are described, we think, in our Petition, but Mr. Eisenhart and I feel that it might be well for the witness to briefly describe these exhibits as a matter of clarification and to provide a ready basis for cross examination, without these gentlemen having to wade through all of these papers.

So, Mr. Gleason, will you take up your exhibits 3, and then 24 through 31, and explain briefly what they show?

The Witness: Exhibit No. 3 is a Passenger Service Operations of the Southern Railway Company for the years 1948 through 1960. This information is taken right from Table 300 Income Table, in a formal report to the Interstate Commerce Commission. Column (2) is the Passenger Service Operating Revenues; (3), Expenses; (4) Taxes; (5) Equipment and Joint Facility Rents; (6) Total Operating Expenses, Taxes and Rents; Column (7)

is your Net Railway Operating Income, that is the figure on which your rate of return is predicated as to your gross investment and net investment. The next figure is column (8), Passenger Train Miles, passenger train miles for the Southern Railway Company during these years. I might say for the year 1960, the Net Railway Operating Income was a deficit, \$14,669,798. Column (9), the Average Revenue Per Train Mile, \$4.26, that's relating your column 2 and 8. Column (10) is the Average Cost Per Train Mile, \$6.63, relating columns 6 and column 8; Column (11) is the Average Cost Per \$1.00 of Revenue, \$1.56; it costs \$1.56 to earn a revenue passenger \$1.00; that is relating Column 6 to Column 2.

By Mr. Dixon:

Q. Mr. Gleason, now, Column (7), Railway Operating Income, as you pointed out, shows a passenger deficit of \$14,700,000 for 1960; what are those figures based on; is that the uniform system?

A. That's based on the uniform system of accounts. I might explain that all are expenses in the orders of the ICC; all freight expenses are charged direct when possible; all passenger expenses are charged direct when possible. There are a number of expenses, a great deal of expenses money-wise, that are coming to both services; and at the end of the year, on a formula prescribed by the Interstate Commerce Commission, these common expenses are pro-rated back to your freight and your passenger operations. [fol. 384] That is why I could not bring this particular exhibit No. 3 through any later date than the calendar year, because the common expenses are only broken down and pro-rated back to the two services on the ICC Formula at the end of the calendar year.

Q. The figures in Column (7) are usually described as fully distributed figures?

A. Yes, sir.

Q. Are there any other solely distributed cost figures in this Petition or in any of your exhibits?

A. No, sir, the exhibits that follow, I have used only direct passenger costs.

Q. So-called out of pocket?

A. So-called out of pocket.

Q. Are they based on any particular formula for so-called out of pocket?

A. The uniform system of accounts all are expenses charged to these accounts as prescribed by the Interstate Commerce Commission.

Q. By the Southeastern Association of Utilities; don't they have some formula?

A. Yes, sir, Exhibit No.—that's the NARUC, I'm told. That's Exhibit 28, it was prepared in the approved formula of the National Association of Railroad and Utilities Commission.

Q. All right, sir, would you take up, beginning with Exhibit 24.

[fol. 385] A. Exhibit 24 consists of four sheets. Sheet No. 1 shows Passengers Handled on Train 13 (Operating Daily Goldsboro, N. C. to Greensboro, N. C.) Year 1959. On the left hand side shows where the people got on the train, the daily average; got off, and the daily average; and across the top shows the various stations where they de-trained. This shows for the year 1959, for Train 13, there were 6,462 passengers for a daily average of 17.7. The next sheet, Sheet 2, is the same information for Train 16, for the same year.

Q. Mr. Gleason, just a second; getting back to Sheet 1 of Exhibit 24, you've got a total there of 6,462, during the year 1959, and the exhibit shows that one of those passengers went to Rose, North Carolina, which is the first station?

A. Yes, sir.

Q. Then jumping all the way over, 3,910 of them went to Greensboro, is that the way you read it; all the way over.

A. 456; oh, from all the stations; yes, sir. I was thinking of Goldsboro, on the first line; but for all of them, 3,910 to Greensboro, that is correct, sir.

Q. All right, now, take up the second sheet.

A. Sheet 2 shows the same information of Train 16 during the year 1959; it shows that there was a total of 7,789 passengers for a daily average of 21.3. This is pre-

pared in the same form; it shows where the in-trained on the left and across the top are the stations that, where they de-trained.

[fol. 386] - Q. That shows where one of those passengers went to McLeansville, North Carolina, and 1,534 went to Goldsboro?

A. Yes, sir.

Sheet 3 is the same information; Train 13 for the year 1960. That shows 7,076 passengers for a daily average of 19.3. It is prepared in the same form; shown on the left where they got on; across the top, where they got off.

Q. Of the 19.3, related to Train 13?

A. Yes, sir.

Q. And the next page shows—

A. Train 16; the same information, for the year 1960; 7,700 passengers for a daily average of 21. And this is prepared in the same way.

Q. Now, Mr. Gleason, wouldn't it be most convenient to turn to Exhibit H 4, which supplements No. 24, and bring it up to date?

A. Exhibit H 4, Sheet 1, shows the number of Passengers Handled on Train 13, from a period of January through May 1961. This period will show 4,384 passengers for an average of 29.0 that use this Train 13. Exhibit H 4, Sheet 2, shows similar information for Train 16 for the same period; 4,550 passengers for a daily average of 30.1; that's Train 16.

Exam. Gibbons: Are these figures based upon actual amounts, actual count, or estimates?

The Witness: Actual counts.

Exam. Gibbons: Who took the counts?

[fol. 387] The Witness: Our Auditor of Passenger Accounts made the compilation of these figures.

Exam. Gibbons: They weren't based on Conductor's—

The Witness: They were taken from the Conductor's lifts.

Exam. Gibbons: Proceed.

By Mr. Dixon:

Q. Now, Mr. Gleason, I guess the next one is 25.

A. Exhibit 25 consists of two sheets, Sheet 1 is Passenger Traffic Statistics for Trains 13 and 16 Operating Between Greensboro, N. C. and Goldsboro, North Carolina, for the Year 1959. It shows the number of trips operated, trip mileage, total train miles operated, total number of passengers carried, total passenger miles, total passenger revenue; and starting with the next line, it gives your average number of passengers per trip, 19.5 for both trains; that is your total number of passengers carried, divided by the number of trips operated. And that gives you a result of 19.5 people using the trains. The next one is average miles per passenger; that is taking your total passenger miles, 643,398, and dividing that by the total number of passengers carried of 14,251, and it gives you an average number of miles per passenger of 45.1; that is the average haul, as you might say. Next item is the average revenue per passenger, expressed in cents, 139.211; that's \$1.39; that is your total passenger revenue of \$19,839, divided by the total number of passengers carried, 14,251. [fol. 388] Next item, average passenger revenue per train mile, also expressed in cents, 21.067; that is 21 cents; that is your total passenger revenue of \$19,839 divided by the total train miles operated of 94,170; and gives you 21.067.

The last item, average passenger miles per train mile of 6.83; that is your total passenger miles of 643,398, divided by your total train miles operated, 94,170, to give you 6.83, or approximately seven passengers, making the entire trip.

Q. Now, Mr. Gleason, H 5, Exhibit H 5 brings the showing made in 25 up through May of 1961, and it is prepared in the very same way, isn't it?

A. So is the Sheet 2 of 2 of the Exhibit No. 25, showing the same information for the year 1960.

Q. Supposing we go to 26.

A. 26 is a historical record, so to speak, of the operations of Trains 13 and 16 between Greensboro and Goldsboro, North Carolina, for the year 1943 through 1960. It shows for Train 13, No. of Trips, No. of Passengers, Passenger

Revenue, Average No. of Passengers per trip; Average Passenger Revenue Per trip. Train No. 16, it shows the same information, and over on the far end, the totals; the same columns, the same headings, for the total of Trains 13 and 16. It shows—

Q. Let me ask you just a couple questions. And I think maybe we can save a little time. What does the exhibit show as to both trains in 1948, with respect to the average number [fol. 389] of passengers per trip, and the average passenger revenue per trip?

A. For the year 1948, both trains, the average number of passengers per trip was 77.51.

Q. What was that in 1960?

A. In 1960, the average number of passengers per trip is 20.19, or decrease of 74 per cent.

Q. Give us the comparable figures on the revenue.

A. The average passenger revenue per trip, 1948, \$82.70; and the year, 1960, \$28.87, for a decrease of 65 per cent.

Exam. Gibbons: The last figure, \$28.87, that's the average revenue per round trip, or one way?

The Witness: It's the average revenue per one way; we are using both trains here; if you look over on Train 13, the average revenue is \$28.40 and Train 16, is \$29.35.

Exam. Gibbons: Thank you.

By Mr. Dixon:

Q. Mr. Gleason, H 6 brings through May of 1961 the showing made on Exhibit 26, does it not?

A. That is correct.

Q. Prepared in the same manner?

A. Yes, sir.

Q. Now, would you go to 27 please.

A. Exhibit 27 shows the Operating Results of Passenger Trains Nos. 13 and 16, Greensboro, North Carolina to Goldsboro, North Carolina, for the year 1959. At the top [fol. 390] of the page, it shows Revenues: Passenger Revenue, \$19,839; Express, \$31,875; Miscellaneous, \$356, for a total revenue of \$52,070. Below that, the out of pocket costs, detail shows Wages, Train and Engine Crews, Payroll Tax, R.R. Retirement & Unemployment Insurance,

Train Fuel, Net Loss, Engine House Expenses, Passenger Locomotive Lubricants, Other Supplies, Repairs, Passenger Train Cars,—Cleaning, heating, lighting and water and Icing; Lubricants, Other Expenses, Repairs, Air Conditioning, Goldsboro Union Station, Rental of Equipment; giving a Total Direct Expenses of \$174,907. Direct Expenses in Excess of Revenues of \$122,937, for a ratio of 336, or \$3.36, was expended to earn a revenue dollar.

I call your attention to the bottom of the Exhibit; Items of Expense Not Included; no maintenance of Way-Tracks and Structures; the only maintenance of equipment we have is repairs; no Maintenance of Way-Supervision-Depreciation-Retirements; Maintenance of Equipment-Supervision-Depreciation-Retirements; No Traffic Expense; No transportation expenses for Supervision-Train Dispatching and numerous overhead Accounts; no General Expenses; No Taxes—except Payroll and no Fixed Charges, that is, Bond Interest, and payments on equipment.

Q. Now, these expenses are what we call the out of pocket expenses?

A. Yes, sir, related directly to the operation of the trains.

Q. Are these figures prepared in accordance with the [fol. 391] NARUC Formula?

A. Yes, sir.

Q. I think we explained in our Petition the basis for these figures, have we not?

A. Yes, sir. On page, starting with Page 28.

Q. Do you wish to elaborate? On what you have shown on pages 28 and 29 of—let's see, are there any more—and 30?

A. I think the explanation is required by the Interstate Commerce Commission. It is complete unless you want me to add to it.

Q. I do want to ask you one question. The figures shown for wages and payroll taxes are actual, are they not?

A. Yes, sir.

Q. Why do you not include depreciation on equipment?

A. Weil, the principal reason is that it would be very difficult to assign a proportion of the depreciation expenses to the operation of a particular segment of the line; that can be said of your other expenses like maintenance of

way; it is, there is a cost, but it's very difficult to say now just what part of that cost should be assigned to a particular segment of a line. Now, we all know that there is cost there, but of course, there is a difficulty in assigning it and we have never used it.

Q. Will you turn to Exhibit 28, and tell us briefly what 28 shows, and relate it to 27.

[fol. 392] A. Exhibit No. 28 consisting of Index of Schedules, shows the Operating Results of Passenger Trains 13 and 16 Between Goldsboro and Greensboro, North Carolina, in the year 1960; it shows by months, the calendar year, Passenger, Express, and Miscellaneous Revenues of \$53,101. The Direct Expenses of the items I have just enumerated, the same thing, for the year, also shown by months, \$170,742; Direct Expenses in Excess of Revenues of \$117,641, and the next line shows that the Car miles Operated on this line for the calendar year 1960, and Train Miles Operated, and then there are some computations below that, Revenue Per Train Mile in Cents; Direct Expenses Per Train Miles in Cents; and Direct Expenses in Excess of Revenue Per Train Miles in Cents. Now, the first Sheet, Sheet 1 of this Schedule, shows the Operations of both trains.

Q. Now, you are talking about Schedule 1 of Exhibit 28?

A. Yes, sir.

Q. Is that right?

A. Yes, sir.

Q. Go ahead.

A. Sheet 2 is the same information in the same form for Train 13. Sheet 3 is the same information in the same form for Train 16. Schedule 2 is Passenger Revenue I.C.C. Account 102, shows the miles operated, the Passenger Revenue for Train 13, and shows the revenue per train mile expressed in cents; and the Passenger Revenue for Train [fol. 393] 16 and the revenue per train mile expressed in cents. It shows Passenger Revenue for the year 1960 of \$10,394, and 22 cents train mile, for Train 13; and \$10,741 for Train 16, and 22.7 cents per train mile.

Q. Mr. Gleason, let me see if I can shorten it up a little. On Schedule 1, of Exhibit 28, where you show these various out of pocket expenses, you indicate to the right of the

described expenses a Schedule number in this exhibit. And as I understand it, that Schedule number provides the basis for your figures?

A. Yes, sir, starting with Schedule 2 of this exhibit 28, is the supporting information to the summary as shown on Schedule 1.

Q. For example, taking Schedule 1 of Exhibit 28, up at the top there you have got Account 102, Passenger (Schedule 2); and then you show the passenger revenues month by month for the year 1960.

A. That is correct, sir.

Q. And Schedule 2 provides the basis for the determination of those figures?

A. By months.

Q. So on down the exhibit?

A. Yes, sir.

Q. I don't believe it is necessary, Mr. Examiner, for the witness to take up each of these supporting schedules and testify about them.

Exam. Gibbons: I don't think so unless there are any [fol. 394] questions.

Mr. Dixon: Yes, sir.

Mr. Burns: We will take them up one by one on cross examination; we don't object to his not taking them up.

By Mr. Dixon:

Q. Mr. Gleason, supplemental Exhibit H 7 brings up through May, 1961, the showing on Exhibit 27, does it not?

A. Yes, sir.

Q. 27, 28, in fact?

A. Yes, because we have 28, that is just the same as 27, only in the detailed form, as required by the NARUC Formula. This Exhibit H 7 shows Total Revenues of \$15,490 for the period of January through May 1961. Direct Expenses of \$70,321; Direct Expenses in Excess of Revenues \$54,831, for a Ratio of 454; of course, \$4.54 to earn a revenue dollar in the operation of these Trains for the period January through May 1961.

Q. Now, Mr. Gleason, Exhibit No. 29 is supplemented by Exhibit No. H 8?

A. Exhibit No. 29 shows the Year of 1959 and 1960, the two calendar years; System OFF Line Revenue generated by the operation of these two trains; for the year 1959, \$73,960; for the year 1960, it was \$83,034. From that we have deducted 50% Operating Costs, in lieu of actual actual operating costs; 50% is a per cent agreed upon by the Interstate Commerce Commission in abandonment cases.

Mr. Burns: Mr. Examiner, I object to that; I don't think [fol. 395] the Commission has ever agreed on it. The Commission has simply let that in and held the Railroads accountable for that portion of it, as a minimum, while making very clear in its opinions that it expected the net revenue for these passengers to be in excess of 50%.

Mr. Dixon: Mr. Examiner, I think we can let the cases speak for themselves. I think Mr. Gleason was mistaken when he said "agreed"; he must have meant accepted, or something like that; but we all know what we are talking about, so what difference does it make.

Exam. Gibbons: The Commission has used the 50% formula in the abandonment cases, and also train discontinuance cases.

Mr. Burns: Yes, but that has been over a railroad objection, that they should not be charged with any part of it; the point I am making is that the 50% as recognized in the Commission's opinions, has been a minimum figure and not a maximum figure, as Mr. Gleason, I think, inferred.

Mr. Dixon: In connection with Exhibit 29, and supplemental Exhibit H 8, the Southern Railway System is composed of a number of separate corporate properties, railroad properties, is it not?

The Witness: Yes, sir.

By Mr. Dixon:

Q. And when you refer on these Exhibits to Southern Railway System, you are including the Feeder Value as to all of the separate railroads that are in our system?

[fol. 396] A. Every railroad involved in our system, that receives revenue from the operations of these trains is included in here.

Q. Now, if you will take out the balance sheet on Exhibit 30, as supplemented by Exhibit H 9.

A. The Balance Sheet is shown on Exhibit 30, for the year 1960; it is merely taken right from our annual reports of the Interstate Commerce Commission. Sheet 2 shows the same; I'm sorry, Exhibit 30 is just one sheet, the Balance Sheet.

Q. And that's supplemented by H 9, isn't it?

A. H 9; and that is the same Balance Sheet, taken through April 30, 1961.

Q. And now; why don't you bring that through May, Mr. Gleason?

A. That was the latest period available.

Q. I think the last of your Exhibits, the exhibits for which you are responsible, is Exhibit 31; that's the Income Account statement; that's supplemented by H 10. Were they just taken from Books of the company?

A. Exhibit No. 31, Sheet 1 of 2, was taken right from the Income Table in or Form A, Annual Report, to the Interstate Commerce Commission. That's for the year 1959. Sheet 2 is the same information for the year 1960. And that shows a break down of your expenses between Freight and Passengers, taken down to Net Income. Now on Exhibit H 10, across the top is shown that this is Income Account for Four Months ended April 30, 1961. Of course, the [fol. 397] common expenses are not broken down and prorated between the two services, Freight and Passenger; it is not possible to do that; so they are just shown in total. It's the Income table for the four months, April 30, 1961, but it does not make a separation between Freight and Passenger.

Mr. Dixon: That's all on direct, Mr. Examiner.

Exam. Gibbons: Cross examination?

Mr. Burns: If you will give me a moment to get organized.

Exam. Gibbons: Do you want a short recess?

Mr. Burns: I don't think it is necessary, sir.

Exam. Gibbons: Off the record. We will recess for five minutes.

(Short recess taken.)

Exam. Gibbons: Back on the record.

Cross examination.

By Mr. Burns:

Q. Mr. Gleason, I believe the first exhibit for which you accept responsibility is Exhibit No. 3, is that correct?

A. Yes, sir.

Q. I believe you said the break down for expenses, for example, was on this exhibit, was made according to the ICC Formula, is that correct?

A. The breakdown of the common expenses; all expenses were charged directly.

Q. Now, how did you arrive at the Passenger Service Operating Revenues, which are shown in Column (2) of Exhibit No. 3?

A. That is taken right from our Schedule 310 of the Annual [fol. 398] Report Form A; it shows Transportation Revenues—are you speaking of Expenses now?

Q. I'm speaking of Column (2), Passenger Service Operating Revenues.

A. That's taken from our 310, page 303 of Form A of the Annual Report to the Interstate Commerce Commission.

Q. In other words, on this exhibit, you show all revenue and not simply passenger revenue?

A. In Column (2).

Q. Yes.

A. No, sir, just Passenger Service Revenue.

Q. You show Passenger Service Revenue, Baggage Revenue, Parlor and Chair Cars, Mail and Express, other passenger trains?

A. Yes, sir, we don't confine this to Account 102.

Q. Yes, that's what I wanted to make sure. Now, what do you mean by Passenger Operating Deficit?

A. Your Passenger Operating Deficit is your deficit taking the figures, passenger figures, expenses, I mean revenues, less expenses, less taxes, and taking into consideration the Equipment and Joint Facility Rents, and bring that down to Net Railway Operating Income—Passenger.

Q. The Passenger Deficit in 1960 was lower than it had been any time since 1955, was it not?

A. That is about right, yes, sir.

Q. You also have certain freight operations in the South-
[fol. 399] ern Railway Company, do you not?

A. We have some; they are quite extensive.

Q. As a matter of fact, those are sufficient, are they not, sir, to pay off the passenger deficit which you referred to, and still leave your company net railway operating income with some \$36,000,000 in 1960, is that not right?

A. That is correct.

Q. Now, the reason for that, of course, is the Interstate Commerce Commission considers the passenger deficit when it makes its freight rates, is that not correct?

A. I think it was stipulated at a previous hearing that some of the ex parte proceedings, that the passenger deficit of the carriers was considered in the Commission's decision on the increase.

Since the last hearing, there has been another ex parte increase, has there not? Something like Ex Parte 223. Is that not right?

A. Off the record, you should know.

Q. Off the record, Mr. Gleason and I had this same case 223 before.

A. Ex Parte 223 was effective, the effective date was October 24, 1960, for the ICC increases, and of course, we have had the hearings before the—yes, that's correct.

Q. In each of those proceedings of the Federal And State, where the passenger deficit, were the passenger deficits a matter of consideration?

[fol. 400] A. As I said, it was so stipulated by our attorneys; I'm sure that is correct.

Q. I'm talking about this particular one, 223, now.

A. Well, of course, I must state this; that I do not participate in the ICC cases; my participation was restricted solely to the intrastate proceeding before the State Commission.

Q. Do you have any reason to believe that it was not considered in Ex parte 223?

A. Yes, sir.

Q. When was the last time your railroad showed a profit from its passenger operation, if it ever did?

A. 1946.

Q. And showed one for the years 1942 through 1946?

A. That's correct; '42 through '46, four years.

Q. Are there any other years that your company showed a profit on the passenger operations?

A. 1941.

Q. In other words, '41 through '46?

A. That is correct, yes, sir.

Q. Are there any other years, that you showed a profit?

A. My records that I am looking at, only go back to the year, 1931.

Q. Is there any time in 1931 to 1961, except for the war years, 1941 through 1946?

A. They were the only years that they showed revenue in [fol. 401] excess of expenses.

Q. Now, in spite of this deficit on your passenger operations, has there been a year since 1931 when you have not shown an overall profit in your railroad business?

A. Now, you are taking this down to Net Income?

Q. Yes. Net Operating Income.

A. In Net Income, 1931, we had a deficit of five million; '32, eleven million; in '33, 810 thousand; '34, two million, eight; '35, one million, eight; and then skipping down to 1938, 570 thousand.

Q. I take it from your naming of the; I take it the remaining years, you have had net income?

A. Yes, sir, and this goes back to the year of '25.

Q. That goes back to 1925?

A. Yes.

Q. Would you give the figures on your net income for the years 1958 and '59 and '60?

A. Southern Railway Company?

Q. Southern Railway Company.

A. Net Income, Year 1958, is that your first year?

Q. Yes, sir.

A. Thirty million, two; '59, 33 million, one; 1960, thirty million even, seven.

Q. Now in order that the record may be clear: Net Income here as we are using it could be equated to profit from [fol. 402] operation of the railroad?

A. Yes, sir, we don't use profit, but that is the results of your operations, taking into consideration everything except your payment dividends.

Q. Does your company file a Federal Income Tax Return, based on the operations of its freight business, separately from the operations of its passenger business?

A. No, sir.

Q. In other words, any loss on the passenger operations off-set income from freight operations, for Federal Income Tax purposes?

A. Your passenger losses are taken into consideration in payment of taxes, yes, sir.

Q. By being able to off-set your passenger deficit, against your freight income, the real effect of such a transaction is to let the Federal Government pay for 52% of your passenger deficit, is it not?

A. Well, in effect, yes, sir; you are getting the tax credit for your losses on your passenger business; as I stated before, we don't want to lose money to preclude us from paying Federal Income Taxes, but they are taken into consideration when the taxes are paid.

Q. But when you consider the amount of the loss in dollars, the real loss would not be \$14,670,000, but would really be some 52% less?

A. That is correct, taking into consideration your taxes.

[fol. 403] Q. And carrying it on down through your company operations to the particular train, any loss that you had is borne, 52%, the Federal Government, and 48% by your freight operations?

A. In effect, the United States Government, the IRS, loses out on a certain amount of taxes due to our losses on passenger service operation, that is true.

Q. Calling your attention now to Exhibits No. 24, do you have that with you? Before you?

A. Yes, sir.

Q. The figure of, at the bottom of Page 1 of Exhibit 4; Excuse me, I meant to say Page 1 of Exhibit 24; 17.7 reflects the average number of people that were on Train 13 on every trip that it made?

A. That is correct; regardless of how far they went.

Q. Now, the figure for Train 13, in 1960, is shown at the bottom of Sheet 3 of Exhibit 24, as being 19.3, is it not?

A. That's correct.

Q. And the figure for Train 13 for the first five months of 1961 is shown on the bottom of page 1 of Exhibit H 4 as being 29.0, is that correct?

A. That's correct.

Q. Does this mean that the average number of passengers on your train 13 has increased from 17.7 in 1959 to 19.3 in 1960, and then to 29 in the first five months of 1961?

A. Number-wise that is correct, Mr. Burns. I haven't [fol. 404] broken it down by train, by this particular train, but while your number of passengers have gone up, your average revenue per passenger, for both passengers, in 1959, was 139.211; '60, 143.36; and in a five months period, 119.241; which shows that we are getting more passengers, but we are carrying a tremendous number of children in these group movements; where the greater preponderance of them, the greater number of them are all travelling on half rates; we are carrying more passengers, but the revenue per passenger is dropping down.

The fact is that your increase is from 17.7 to 19.3, and now the 29; in numbers.

A. Yes, sir, in numbers.

Q. Would you figure out the percentage of increase of the 29 over the 19.3?

A. What's that again?

Q. Would you figure what percentage increase that is?

A. You want to take the 17.7—

Q. Either way; 17.7 or the 19.3.

A. That would be a nine per cent increase.

Q. That's the 19.3 over the 17.7?

A. That's correct.

Q. Would you figure the 29 passengers over the 19.3? It would be roughly 50 per cent, would it not?

A. Let me have that again.

Q. Figure the increase, 29 over 19.3; you are a little less than fifty per cent, but right at it.

[fol. 405] A. Number of passengers, 29 from 19.3.

Q. The first five months of this year over the full year of 1960.

A. Roughly, yes.

Q. So the increase of 1960 over '59, the number of people on the train every day, was nine per cent, and approximately 50%, '61 over 1960?

A. In numbers, yes, sir.

Q. All through here, when we are talking about number of people on the trains, we are not including pass riders, are we?

A. No, sir, we are not giving any consideration to non-revenue passengers.

Q. I believe in the last case there was some testimony to the effect that approximately seven per cent of your total passengers rode on passes; is that not correct?

A. That could be true; but, as I recall that case, there was no breakdown between personal passes or business passes. It was just a total number of people who rode the train for a certain period of time, and your figure of seven per cent could be correct, but we give no consideration to non-revenue passengers.

Q. Do you have any reason to believe that whatever percentage there was in the last case is any different today, as far as pass riders?

A. Could be the same.

[fol. 406] Q. Would you have any reason to believe that it would not be?

A. No, sir.

Q. Now, that is not reflected in the figures that we have here, though?

A. No, sir, because the company gets no revenue from the transportation of pass riders.

Q. How did you get to Raleigh for this hearing?

A. Came down on 29 and 16.

Q. Your use of that train would not be reflected in any figures that we had at the time you came?

A. No, sir. If I came in on Seaboard, I would have a pass too, and it wouldn't cost the company anything.

Q. Did the company get any benefit by having you attend this hearing?

A. That problematical.

Q. At any rate, the company assumes that it is going to get benefit by sending you down here, does it not?

A. I think definitely they will.

Q. If the company is to get benefit, they have to have you here in Raleigh instead of Washington.

A. For this particular case, yes, sir.

Q. And the same would be true of any of the other employees that the, any other employee of the company that use the train, this train, with a pass, would it not?

A. On business, yes. Of course, now, you must take into [fol. 407] consideration other railroad people of other foreign lines could be part of that seven per cent, getting passes through our pass bureau, as we get passes on other roads.

Q. You would have been, you would have come down on the Seaboard?

A. Yes, sir.

Q. The Southern Railway would benefit if you came on the Seaboard just as much as if you came on Train 16, would it not?

A. That's correct.

Q. You also might have flown, mightn't you?

A. Yes.

Q. You could have if you had wanted to, and had the railroad; I don't know whether they do or not; but at any rate, you could have gotten here by air?

A. That's true, yes, sir.

Q. If you had come by air, somebody would have had to pay for your ticket down here, would they not?

A. Yes, sir.

Q. Who would that somebody be?

A. Ultimately, the company; I would purchase the ticket, and put it on my expense account.

Q. Be reimbursed the price of the ticket?

A. Yes.

Q. And there again, the company would be benefited to some extent by your presence here?

A. That's right.

[fol. 408] Q. And by the use of the facilities to get you here?

A. Yes.

Q. Suppose the railroad suddenly decided that they were no longer going to permit people to ride on passes; do you think the employees of the railroad would be particularly happy about such a decision?

A. You mean all passes?

Q. Yes.

A. I'm sure that those travelling on personal trips would be unhappy; for us, it wouldn't matter too much; because we would be reimbursed for whatever money we paid for our transportation; but a person taking a vacation, as an example, if they could not ride on a pass, they would have to pay for that transportation, and I'm sure that they wouldn't be too elated about it.

Q. So one of the benefits of working for a railroad is being able to use a pass, is it not?

A. It is, for the employees who take trips, yes, sir.

Q. And if they did not have that advantage, it might be that the employees would seek some other advantage, is that not right?

A. I don't know; that's very problematical, too. I doubt seriously if many people are attracted to railroad employment on the basis of free transportation; that's my own personal opinion.

Q. At least the railroad employees do have the benefit of that for personal business?

[fol. 409] A. Yes, after they have fulfilled the required months, the required number of months and years in service, they are entitled to free transportation; on their own line and also foreign lines.

Q. On your Exhibit No. 24, again, looking at the figures this time for Train 16, do we not find an increase from 21.3 on Train 16 in 1959, a slight decrease to 21.0 in 1960, is that right?

A. That's right.

Q. And an ultimate figure of 30.1 passengers, daily average, is that right?

A. The five months of '61, yes, sir.

Q. Now, the increase of 1961 over '59 is again very close to 50 per cent, is it not?

A. Roughly it is; I might add that I made a study of the five months, January through May of 1961, and we had two thousand and twenty-four (2,024) people, children with their adult chaperones, travelling in groups of 44.5 per cent of your 4,550 utilizing the service of train 16 in that period; these group riders; I'm careful about using that term; group riders, children of kindergarten, church schools, Boy Scouts, and what not; I think that better expressed it than group riders.

Q. Did you, by any chance, talk to the management of Southern Railway and determine if that could, if they objected to carrying these children?

A. No, sir, my purpose in looking it up was; I personally [fol. 410] don't think that this comes under the concept of public convenience and necessity; that's why I made a study of it.

Q. In order to determine that, we want to know whether or not these; we would want to know where these children went, would we not; how many of them came to Raleigh, as part of their education, say the Capitol?

A. In March, there were 23 Scouts from Durham to Raleigh; and in May, various schools, the number of schools, 424 children from Durham to Raleigh, for a total of 447 of the 2,024, or roughly 22 per cent.

Q. All right, they came to Raleigh; now why did they come to Raleigh, to see the Legislature in session here at the State Capitol?

A. That may well have been.

Exam. Gibbons: I don't think it's necessary to find out why they came; the fact that they were on the train, I think that's all we are concerned with.

Mr. Burns: The only reason I'm going into this; I think you are quite right, sir; the only thing important is that they were on the train, but just because they were riding the train, didn't indicate that there was a public need for it. So, I was going into it a little further, to establish perhaps the reason for their coming here, and I think certainly that it's the policy of this state that the education of our children is a very important part of our state activity.

[fol. 411] Exam. Gibbons: I don't think the reason for the travel is too significant, so long as we have the number of riders on the train; whether it's little children or adults, doesn't make too much difference; as, except as affects the revenue.

Mr. Burns: I was going to ask Mr. Gleason, for the record, that, the fact that this would have the effect of diminishing the average revenue per passenger; that is true, is it not?

The Witness: That is true, yes, sir.

By Mr. Burns:

Q. Now, calling your attention to Exhibit No. 25; the figures which you show there indicate that the average passenger miles per train mile for the two trains combined have increased from 6.83 to, 6.83 in 1959, to 7.33 in 1960; and then to 9.97 in 1961; is that correct?

A. Yes, sir, the average did increase; but, as I point out here, average revenues per passenger decrease and your revenue per passenger mile decreased.

Q. Now, the average passenger revenue per train miles, for Trains 13 and 16, in 1959 was 21.067 cents; is that correct?

A. Yes, sir.

Q. In 1960, the corresponding figure was 22.382 cents, was it not?

A. Yes, sir.

Q. In 1961, it was 27.345?

A. Yes, sir.

Q. So there has been a steady increase in the average [fol. 412] passenger revenue per train mile?

A. That is true, but your average revenue per passenger has decreased, and so has your passenger revenue per passenger mile decreased.

Q. Now, you are talking about the average passenger revenue per passenger mile, is that right?

A. No, I'm speaking about the average revenue per passenger; what we receive from the carrying of each passenger.

Q. Have you made a computation based on the average passenger revenue per passenger mile, similar to that that you make in your annual reports to the ICC?

A. For these periods?

Q. For these trains and these periods.

A. Yes, sir.

Q. You have? Would you give me your figure for 1960 for these trains, the average passenger revenue per passenger mile?

A. The revenue per passenger mile for Trains 13 and 16, .0305, with a company average of .0296.

Q. And your average in North Carolina, as shown on page 903 of your annual Report to the North Carolina Utilities

Commission was .0301, was it not? Page 905. These are all in 1960. A Revenue per passenger mile for North Carolina is .0301; is that the figure you gave me?

Q. Yes. And so, Trains 13 and 16 have greater average passenger revenue per passenger mile in 1960 than did your [fol. 413] company as a whole, and also greater than your operations in North Carolina as a whole; is that not right?

A. In 1960, that is correct. And in the five months of 1961, the revenue per passenger mile for Trains 13 and 16 was .0274, and the company average is .0300. There again, I'm calling your attention to the impact of the school and kindergarten groups with the number of children travelling at half rate. So, it's below this period, the company average.

Q. What do you mean by the term "average passenger miles per train mile"—strike that out. Is the term "average passenger miles per train mile" a term used in filing your report to the Interstate Commerce Commission?

A. No, it's not included in our Schedule 531, or 931, to the State.

Q. What does that mean?

A. It means that you divide your total passenger miles; passenger miles might be explained as a passenger moving one mile; divide that figure by the total number of train miles operated, and that gives you a figure of people who have been on the train the entire distance. Now, this 19.5 includes people who got on at one place and went five, ten, or fifteen or twenty miles.

Q. On this train?

A. On this train; but the 6.83 are those who would have been on the entire distance, based on your train miles and passenger miles.

[fol. 414] Q. Now, of course, the important thing there is the distance that each passenger travels, is it not?

A. Yes, sir.

Q. If you had, for example, a train with a route 100 miles long, and it took 100 people just ten miles each day, and didn't carry anybody the rest of the way, that would have the effect of reducing the average passenger mile per train mile substantially, would it not?

A. Yes, sir.

Q. But it wouldn't show any lack of need on the part of people who use the train to go ten miles; would it?

A. There again, you have to develop the need of these people going ten miles. You get into; it could well mean that these people actually needed the service; or it could mean that they were just travelling—

Q. This figure in itself doesn't indicate anything at all about the need of the people that are actually using the train?

A. No, not the need, but it shows the use.

Q. On your exhibit No. 26, the only difference that I can see between your Exhibit No. 26 and Exhibit H 6, is the last, or bottom line, all the way across the page.

A. The reason I did that was because through our machines we are able to reproduce the statements, so rather than just have a statement showing five months, I merely incorporated at the bottom of my original Exhibit 26, showing the full picture on Exhibit H 6.

[fol. 415] Q. Well, looking at Exhibit H 6, since it has all the information on it, including the information on Exhibit 26, the average number of passengers per trip for the Trains 13 and 16, for the first five months of 1961, is higher than at any time since 1953, is that correct?

A. That is correct.

Q. And calling your attention to Exhibit 27, the figures which you show on that Exhibit for the year 1959, are summaries of figures in Exhibit 28?

A. No, sir, that's a different year; we didn't think it necessary to make two calendar years in the NARUC Formula, with those ten schedules, so we made 1959 as a one-sheet exhibit in sort of a summary form.

Q. Were these arrived at by using the NARUC Formula?

A. Yes.

Q. What is the NARUC Formula?

I'll strike that question.

A. It's a special committee; Report of the special committee in cooperation with the ICC in the study of the railroad passenger deficit problem, adopted by the National Association of Railroads and Utilities Commissions at New York City, September 23, 1953, published by the NARUC, the National Association of Railroads; this is the formula that is embodied in this report.

Q. Is that report binding on the Interstate Commerce Commission?

[fol. 416] A. There again, I don't know.

Mr. Dixon: We will concede it's not.

By Mr. Burns:

Q. The purpose of that report was to provide a short cut for the railroad in presenting expenses relating to a particular passenger train, is that not correct?

A. I would rather say provide a uniform approach, as we had these cases prior to this September 23, 1953; this NARUC Formula is much more elaborate, as the previous showings made before this was adopted; it gave us a uniform approach in the presentation of train cases before the regulatory bodies.

Q. One of the regulatory bodies not approving that was the North Carolina Utilities Commission, was it not?

A. I believe that was so stated at the previous hearing; this is adopted by the Association in convention. How many individual Commissions have adopted, I'm not in a position to say.

Q. Let's go on over to your Exhibit 28. Sheet 1 is a summary of the succeeding schedules, is it not?

A. Yes, sir.

Q. And the Passenger Revenue you show at the top for the Year 1960, for the two trains is \$21,135; and was arrived at in what manner?

A. As explained on Page 28 of the Petition, Account 102—Passenger; "Tickets lifted by conductor are punched into IBM cards showing station to station, class of passage and other information. These cards are processed through the computer which is programmed to compute the passenger [fol. 417] revenue based on authorized rate for class of passage."

Q. Boiling all that down, what you did is essentially this; you took the total revenue paid by the passenger and applied a mileage pro-rate, isn't that what you did?

A. A block to block mileage.

Q. What size blocks are those mileage blocks that you use?

A. I, of course, didn't do this myself. This was done at the Auditor of Passenger Accounts' office. This information was furnished me.

Q. Do you know whether they are very big or very small; ten miles, a hundred miles, a thousand miles?

A. I think they are station to station; that's the way the mileage blocks are. They would have to be because of these people travelling small distances to apply to their short run tickets.

Q. In order to apply a pro-rate, you had to know what the total revenue generated by all passengers originating or terminating on this line, did you not?

A. No, I wouldn't say so. I think it is computed right from the tickets lifted right from the conductor; the information is punched on the IBM cards; right from these tickets that the conductor lifts.

Q. Well, the ticket shows where the passenger originated and terminated and how much he paid for the ticket, doesn't it?

A. Yes.

[fol. 418] Q. So you would know what the total is to apply your mileage pro-rate?

A. From station to station.

Q. You would have to know the total to know what the pro-rate is, is that right?

A. Yes.

Q. Is the total of all passenger revenue that shown on Exhibits 29 and H 8; is that the total figure?

A. That's the total of your Off Line Revenue; it doesn't include this On Line Revenue.

Q. The figures that you show on 29, plus the figure that you show on Schedule 1 of Exhibit 28, I believe it is, would be the total revenue that your passengers pay for riding a part of which was using this line?

A. Generated by people either in-training or de-training.

Q. Is that the way, on Exhibit 29, the figure on Exhibit 29 was arrived at?

A. Now, this figure on Exhibit 29 is a figure taken; I got to explain how this happens; in order to do this, you've got to set up a process a head of time and trap these tickets as they come in. And they are then able, when they get

the tickets, the traffic on this Greensboro to Goldsboro segment, and then to compute the revenue for those going beyond the Greensboro—going north or going south.

Q. When did you set up the program for these two trains? [fol. 419] A. I think it was in July of 1959.

Q. And it's been running ever since, pulling every ticket that goes on and off these trains?

A. Yes, sir.

Q. As I understand it, you applied a mileage pro-rate to determine the Off Line and a mileage pro-rate to determine the On Line portion of the revenue, is that correct?

A. I don't know whether I am making myself clear; but on this programming, this program is set up; it is already in the machine, and they have these block to block, station to station, items in there, and also it is a class of traffic—coach, first class, 30 day, or round trip, family plan; and when the ticket is punched, the 705 automatically computes the revenue for the segment on this line, and of course, ultimate lines, too.

Q. In other words, the same process is used to divide the On Line and Off Line Revenues?

A. I would say so, yes.

Q. Do you have any figure that would show the amount of revenue that would be lost by other railroads if these two trains were discontinued, and all the passengers went to some other modes of transportation?

A. Your supposition is that if these trains go off, the company will get no off line revenue, and then all those passengers, say, going beyond Washington to New York, Pennsylvania, no.

Q. You could determine that also from the feeding, in [fol. 420] your 705 computer, could you not?

A. It could be determined, but I certainly wouldn't want to have the job.

Q. You could determine the total that would be lost by other railroads, simply by taking the total that you get and subtracting it from the total that was paid, couldn't you?

A. I don't think it would quite be that simple; I think it would be sort of a voluminous job; of course, I'm not a passenger accounting man; I'm not familiar with all the

facets of the passenger problem, as some of our passenger folks.

Q. Of course, though, in addition to other railroads, the Pullman Company might use a little bit, wouldn't they?

A. On the premise that it goes on this traffic, I would say that the predominance of the traffic going off this segment is Pullman or first class traffic.

Q. So there would be a loss in some indeterminable amount?

A. If your assumption is correct.

Q. To the extent that you lose any, the Pullman Company would lose, too, wouldn't they?

A. Yes.

Q. In your express revenue, as shown on your Schedule 2, or Schedule 3, of Exhibit—what is it—28?

A. That's right.

Q. What you have done is taken Car Foot Miles for the Southern Railway Company, and divided into the Southern [fol. 421]. Company's revenue and come up with Average Revenue per Car Foot Mile, is that not right?

A. That's right.

Q. How do you determine a Car Foot Mile?

A. A Car Foot Mile is a linear foot, the length of the car, and the number of miles a car travels is a Car Foot Mile; we know, each month we get the express revenue from the REA, and the company knows through our statistics and reports, the number of Car Foot Miles we serve the REA on our line, the Southern Railway Company; and it's a simple calculation to divide one by the other to get the average car foot mile; and that is applied to the car foot miles on these particular trains; we also know that, and that gives us the express revenue. That's the only way you can compute it because we don't have records to show individual trains; how much express is handled on individual trains.

Q. In other words, you don't know how much is handled, or how much the Railway Express earned on the handling of that traffic?

A. No, because they take all the revenues, they deduct from that their expenses, plus a return on investment and the revenue is distributed to all the member lines on the basis of a user basis, the car foot miles that they furnish

the REA during the particular month or period; that's generally.

Q. Now, the revenue that is distributed, the portion that's earned by this particular train has been credited back into [fol. 422] the revenue figures that you show here?

A. As shown in my exhibit, yes.

Q. You don't know whether or not the particular train that we have in question is one that's doing a whale of a lot of express business, or none at all, do you?

A. It could be determined by ascertaining the requirements; you see, the REA issue requirements or requests on the company to furnish space in their cars; and as I understand it, that is constantly being changed; they drop it down and raise it up, depending on the volume of their business.

Q. You mean volume in size, do you not?

A. Yes. Say, they got 20 foot; and find that 20 foot is not adequate; sixty foot and that's not adequate; well, then they make another request and maybe they raise it to 80 or some other figure.

Q. As far as the railroad is concerned, does it make any difference whether they are carrying diamonds or feathers in that car?

A. We don't care if they order a 60 foot car, whether they fill it or not.

Q. Well, one figure that is used on the Schedule fascinates me; it's the figures of Miles Operated for December of 1960; would you tell me how you arrived at the figure of 3979; that's Schedule 3.

A. I haven't been associated with you all these many [fol. 423] months without determining that you find out these things; now, December 14, 1960, we had a terrific snow storm on the eastern coast, and the Pennsylvania connection coming to Washington was many, many hours behind. So, when the 29 got to Greensboro, it was so late that the 16 took it over, and by the time that it got to Selma, it was time to come back; so the December 14th, 1960 only operated Greensboro to Selma, and the passengers were taken care of by private cars. Only you would notice that.

Q. That does affect the total revenue, does it not?

A. It does.

Q. Well, wait a minute now; since you operated twenty miles less, you've got 20 miles of car feet that would not be used if you were multiplying by the average revenue of the car foot mile.

A. Yes.

Q. Now, the other; you show no other revenues from baggage or handling pets or anything for these two trains, is that correct?

A. Each passenger is allowed 150 pounds of checkable baggage.

Q. So, I assume that you had no other kind of revenue except express and passenger.

A. And miscellaneous. A certain amount of newspapers.

Q. You did not carry any mail on this, did you?

A. No, sir, the mail went off September 14, 1957.

Q. How many express cars do you have on this train?

[fol. 424] A. Speaking now?

Q. Now.

A. Right now, we have a combine express, the Express Company has space there.

Q. What do you mean by a combine?

A. Combination baggage and passenger; half of the car has seats for passengers, and the other half has open space for baggage and express.

Q. Was that reduced since February 24th, 1961?

A. I understand the entire run, Greensboro-Goldsboro car, went off in January, and we had a Burlington, Greensboro-Burlington car, went off in, sometime in February.

Q. And so the railroad no longer provides facilities for Burlington, is that right, for express?

A. Well, I can't say the car goes to Burlington; and they have 20 foot of space in the car; and they could use it if they so desired.

Q. The thing that has caused the reduction in revenue of this train over the years has been the loss of the mail contract with the Government, and now the loss of all your express business to trucks operated by the REA?

A. Plus the loss of passenger rate, too.

Exam. Gibbons: Off the record.

(Discussion off the record.)

Exam. Gibbons: Back on the record.

[fol. 425] Mr. Burns: My opinion is because of the eating facilities here, it would require an hour and a half for most of the gentlemen to get their lunch and get back.

Exam. Gibbons: Let's compromise and get back, return at 1:45.

We will recess until 1:45 p.m.

(Whereupon, a noon recess was taken until 1:45 p.m.)

[fol. 426]

Afternoon Session

(1:45 p.m.)

Exam. Gibbons: On the record.

The hearing will come to order.

Mr. Burns: Before going back to where we left off, Mr. Gleason, there seems to be some misunderstanding about one of the figures that you gave me this morning; that being the Net Income Figures for the entire Southern Railway Company, which you gave me for certain years this morning?

A. The Witness: Yes, sir.

By Mr. Burns:

Q. When you used the term Net Income, you mean after all taxes, do you not?

A. Everything.

Q. And that figure is after everything except what dividends the company elects to allow shareholders?

A. Yes, sir.

Q. Thank you.

Now, going back; I think we are on Schedule 4 of Exhibit 28. Do you have that before you, sir?

A. Yes, sir.

Q. That schedule consists of two pages, does it not?

A. Schedule 4 is four pages.

Q. Four pages, yes. The Sheet 3 shows the Crew Wage Expenses Per Trip for Train 13, does it not?

A. Yes.

Q. On that sheet, I notice the miles per trip vary from 130 in the case of the Engineer and the Firemen, to 150 in [fol. 427] the case of Conductor, Flagman, and Baggage-master. What's the reason for that variance?

A. The Engineer and Firemen are paid for the trip up to the yard, beyond the station; and of course, the Conductor, Flagman, and Baggage-master are paid on a 150 mile guarantee.

Q. Is that a daily guarantee?

A. There is, they are guaranteed 150 miles a day.

Q. Are they also guaranteed 90 cents in addition to the 150 miles?

A. Yes, sir, if I may explain that. Taking your first man, the Conductor; he gets 13.76 cents per mile or \$20.64 per day. Now, his daily guarantee is \$21.54; so he gets 90¢ on top of that \$20.64; in addition to that, he gets an hour's overtime.

Q. And the hour overtime, I believe you said a minute ago, is for the purpose of taking it and turning it around?

A. Yes, sir.

Q. So the effect of the existing wage contracts are to include payment for 150 miles and since that does not come up to a minimum dollar guarantee per day, they get an additional 90¢?

A. Yes.

Q. And the hour overtime is for the purpose of turning the train around?

A. Yes.

And then, I might say that effective March, '61, the basic salary has gone up; the current rate per mile is going to 14.034.

[fol. 428] Q. And the hour overtime is the thing that makes the difference in the wage expenses of Trains 13 and 16?

A. That is correct; 16 gets the 90¢ along with 13, but they don't get the hour overtime.

Q. That's the reason why the wage expense of one train is some \$4,000 a year less?

A. That's correct.

Q. On your Schedules 5, 6, 7, 8, 9; 9. I should stop there; are the figures on those schedules all determined by the use of the NARUC Formula?

A. Yes, sir, the averages.

Q. The effect of the formula, Mr. Gleason, is to take System or Company figures on a mileage basis, and apply them to the local trains, is that not correct?

A. You arrive at a unit mileage cost; and to that unit mileage cost, you apply the miles made by the trains in question.

Q. In all of these cases, you took your Southern Railway Company figures, did you not?

A. Yes. I might say we have to be very careful; most people speak of a system as the whole company; and we have a system and a company; so we have to differentiate, so we have to be sure that we know what we are talking about. The Southern Company—

Q. To repeat the question, I think we are in agreement; the Southern Railway Company, you used Southern Railway Company figures?

A. Yes.

Q. And reduced those to a mileage basis?

A. To a cost per mile.

Q. Then multiplied the cost per mile by the number of miles operated or covered by these trains?

A. Locomotive and passenger car.

Q. The effect of this procedure is to assume that costs on this particular train are no greater or no less than costs on any other train operated by the Southern Railway Company?

A. Yes, sir, that's the assumption you have to make because there is no way for us to confine cost to one particular segment of our operation; so you have to use, make that assumption, use the company average.

Q. I take it that this same assumption could be made as far as freight is concerned; that one mile of track has the same amount of revenue and expenses associated with it as any other mile of track on the South Railway System?

A. I believe that's fair. You are speaking of cost now, not revenue.

Q. On your Schedule 5, as an illustration, you assume that the cost of fuel for the trains operating between Greensboro and Goldsboro, is the same as the cost of fuel

to New Orleans or in Atlanta, or any other point on the Southern Railway Company?

A. That's the assumption I made by using the company [fol. 430] cost per gallon, each month it changes; but in addition to that, I made a study of the cost of fuel as used by these locomotives, and I got the invoices, and using the twelve month, or individual month cost, in place of what I did use here, instead of \$5,622 the cost would have been \$5,644, using these individual invoices. So, the assumption there is, the level is practically the same. I used the invoices for the Diesel fuel used on these locomotives that's purchased and delivered for consumption by these trains, and of course, other trains in this area.

Q. How did you get those figures for that?

A. I went through, to our Purchasing Department; Gulf Oil Corporation furnishes us fuel; the Division Storekeeper at Greensboro, they had the price of the fuel per gallon right on the invoice, and using those prices instead of the company average, the difference would have been just \$22; for instance, January, the average fuel cost per gallon, \$8.80; this was \$8.95; and as you go down, they are up and down and level themselves off as you go along, so the difference for each train would have been \$22; \$5,644 as against \$5,622.

Q. In this particular case, then, the assumption that the system averages would reflect cost of one train.

A. In this particular instance, yes.

Q. Turning to your Exhibit 6, I take it that the same basic Schedule 6, excuse me; the same basic procedure [fol. 431] was followed; that is, reducing everything to a per mile cost, and then applying it to—

A. The different items of expenses.

Q. What tests did you make of this item, to show that it would be reasonable for application?

A. I made no test. It was very simple for me to get the invoices to determine whether the cost of fuel used by these locomotives would be comparable, or—

Q. Enginehouse expenses include some things that would vary with locality, would they not?

A. I wouldn't say so, no, sir.

Q. On your Schedule 7, would you please tell me where you got the figures, Total Passenger Train Car Miles, 60,882,395, from?

A. That's the total passenger train miles for the Southern Railway in the year 1960.

Q. Does that appear in the annual report that you filed with the ICC? Maybe I can simplify it; would you turn to Line 24, on Schedule 531 of the Annual Report to the ICC, for 1960?

A. This shows to be 60,762,546; but that, if that figure is slightly different from Schedule 531, that is merely to determine the average cost per year; so it shows 2.131¢, and as you start down with January, you get 2.317, 2.364; this is to show that your yearly average is in line with your monthly averages, average expense per passenger train mile.

[fol. 432] Q. In other words, you didn't use that figure?

A. No, sir, each individual month is worked on the individual miles and charges to the various operating expense of each month.

Q. And that figure was not used?

A. No, sir, that's just to show that the averages are in line.

Q. Would you turn to Schedule 8 for a moment; calling your attention again to the figure at the bottom of the page, Total Passenger Train Car Repair Miles, and tell me the source of that figure; maybe I could rephrase the questions; why would that figure be different from the figure that we have just talked about on the preceding schedule?

A. Well, in Schedule 7, we are including all equipment in Pullman and foreign lines. And you get over here in Schedule 8, we do not include any cost for foreign lines and pullman cars for these repairs. See, we are not obligated to repair foreign line cars, pullman cars; if we do repair them, we bill the owners and are reimbursed; so that wouldn't be a proper cost.

Q. And so you excluded all of those miles from your computation which have the effect of increasing the per mile cost; whether it's right or wrong, that's the effect of it, isn't it?

A. Yes, that's right.

Q. Again, on Schedule 7 and 8, did you make any study of the particular line as far as cost are concerned, to deter-[fol. 433] mine the reasonableness of the application of the NARUC Formula?

A. No, sir; in fact, it would be impossible for us to make any such test.

Q. So, really, what we have is a mileage pro-rate on these various items?

A. Yes, conformative with the formula of the NARUC, yes, sir.

Q. Insofar as your application of certain savings from discontinuance of Passenger Trains 13 and 16 at Goldsboro, isn't it a fact that the Goldsboro Union Station is owned one-third by Southern Railway and one-third by Seaboard and one-third by ACL? I don't mean by Seaboard, I mean one-third by Southern; ACL, and one-third by someone else?

A. That's my understanding, yes, sir.

Q. So your ownership would be retained; whether or not you had, you operated any cars or not?

A. Yes, I made inquiries about that, and I, of our joint facility folks, that when we pull out, if we do pull out, and discontinue this train, we would have no more cost there except the only cost would be incurred if there was some major repairs to the property, and Southern Railway agreed to participate; other than that, we would have no further cost there, and there was to be nothing done until—if everything left Goldsboro, and the place was liquidated.

Q. Of course, you are going to continue your freight operation to Goldsboro?

[fol. 434] A. I assume so, yes.

Q. Any office space or anything like that you use at the station for your freight operation will be maintained?

A. This is strictly the passenger cost at Goldsboro; this is taken from the Operating Statement furnished to the Goldsboro Union Station; to the owners and tenants each month, showing all the expenses, from those expenses, whatever concessionaires occupy space in the building, the costs are thereby reduced, and to those costs, the lines using the facilities are charged on a per car basis.

Q. On a per car basis?

A. Yes.

Q. Well, one other particular item of expense I want to ask you about; is your pullman company, net loss. Now, as I understand it, setting some sort of loss from the operation of these cars against these particular trains, is that right?

A. Then let me explain it this way; each month, the Pullman Company furnishes us with a statement showing revenues; first it shows, these lines are operated by line numbers, so the one we have here under question is line 6854, New York to Raleigh; it operates Trains. 29 to Greensboro, 16 to Raleigh, and then 13 and 38 in the reverse direction. The Pullman Company shows the revenues they received from the revenue passengers and the expenses; and it shows the net; then as this line extends from Washington to Raleigh on Southern Railway, I have used a mileage pro-[fol. 435] rate from Raleigh to Greensboro to assess against deficit, to show what this \$4,226, now, our first class revenue we received from these passengers is in 102.

Q. Your portion of that revenue, not the Pullman?

A. No, the Pullman Company is in the first two figures; they furnish us; they furnish revenue, expenses, and that.

Q. It's a fact that Southern Railway is a large stockholder or a stockholder in the Pullman Company, is it not?

A. A stockholder, yes, sir.

Q. As a matter of fact, according to your annual report in 1960, you received \$89,532 in dividends from the Pullman Company for 1960, did you not; I refer particularly to Line 37 of Schedule 205, on page 211 of your 1960 Annual Report; page 211, Line 37.

A. \$89,532. Now, if I can find that; I don't have the Pullman yearly figures for 1960; I took the year 1959 figures and that \$67,149; took the total car miles and then I took the New York and Raleigh Car miles and related one to the other, and the New York-Raleigh operation was 2.15 per cent of this car miles, and I applied that 2.15% to the dividend of \$67,149 and it gave me \$1444. and 22% of the Greensboro-Raleigh segment from the car mile standpoint, \$321 net dividend would be applicable to this line on a car mile basis.

Q. Instead of using car miles, you used miles of passenger road, 4.5% of the \$89,532 in 1960 would be applicable to this segment of the road, would it not?

[fol. 436] A. Using what?

Q. The actual passenger miles of road that you had for your company.

A. Miles, passenger miles, you would arrive at—

Q. 4.46%. Total miles of passenger road.

A. I don't think that would be a proper thing to use; I think the proper thing to use would be the total pullman car miles of the Southern Railway Company, and take the percentage of the New York-Raleigh Pullman car miles on this run, to arrive at a 2.15%, and apply that to your dividend of \$67,000, and it would result in say, \$1444, and you apply the 22% of the Greensboro-Raleigh segment, it would give you \$321. I think that would be the better approach.

Q. The fact is though that your figures do not reflect any of that saving?

A. No, sir.

Q. And you are getting about a ten percent return on your investment from the Pullman Company?

A. It amounts to—

Q. In 1960, you received \$89,532 in dividends on an investment of \$828,171, did you not?

A. That's probably about right; they seem to be liquidating their surplus account, and that's not—the Pullman Company, each year; that's not out of earnings, because your earnings only amount to \$325,000.

[fol. 437] Q. I think you did agree with me at the last hearing, and I can find the place in the record if you like, but when you did pay the Pullman Company for what you call a net loss in your exhibit, that was, in effect, making a down payment on your dividend?

A. We were receiving some return, I would say about \$300; it was on a car mile basis; yes, sir.

Q. Calling your attention once again, to Exhibit 28, no, No. 29: did you make any study to determine that operating costs Off Line would be anywhere near 50% of your Off Line Revenue?

A. No, sir, that's why we used the 50%, because we have nothing to go on, as far as operating costs were concerned.

Q. In other words, it could be more; could be less?

A. I would think, I would say it would be more in this respect, because the 50% used in the abandonment cases is freight abandonment, while I would say, in passenger cases, well, your freight ratio is 61.67% and your passenger ratio is 143.72; so using 50% for freight ratio in abandonment cases, it seemed that the passenger ratio should be higher.

Q. You are talking about operating ratio there?

A. Yes, sir.

Q. Of course, the additional expense created by these passengers on the main line would relate only to the additional expense of pulling one or maybe two cars from Greensboro to wherever they are going, is that right?

[fol. 438] A. That's true, of course, but in your passenger cost, you have your tremendous terminal cost, which really boosts your costs up.

Q. You mean the terminals that were built in; these are the great terminals which are no longer needed for that type of traffic?

A. If I may digress, the highest tax property in the City of Washington is the Union Station, 1960, 9.2-million dollars, and we have to pay taxes on that.

Q. Maybe; we offered it to the Government for free, for nominal lease, and they wouldn't take it.

Exam. Gibbons: I thought the Union Station was second. Mr. Burns: I'm sorry.

The Witness: I'm talking about the Union Station property in 1960, was number one; but in 1961, the Towers Apartments have passed it tax-wise, assessments.

Mr. Burns: There ought to be a moral there somewhere; I'm grasping for it, but I can't find it right now.

I believe that's all the questions I have Mr. Gleason.

By Mr. Bryant:

Q. Mr. Gleason, I believe you characterized your position as Supervisory Statistician?

A. Yes, sir.

Q. Then you have occupied that position for a number of years?

A. The last three years, I have been Supervisor of Statisticians; prior to that, about six or seven, I was a Statistician.

[fol. 439] Q. Would you be kind enough to explain for the record and for me too, what the term Supervisor of Statisticians means?

A. I have an office force of four statisticians, several assistant statisticians, and several clerks, that report to me and I in turn report to the Director of Statistics and Reports. My job is to prepare statistical information for management as they need it, costing out various elements that appear before the Interstate Commerce Commission, and all the various state regulatory bodies which are of interest to the company. This falls within that—our rate cases, abandonment cases, and routings.

Q. As I understand it, statistics pertaining to the entire operation of the Southern Railway Company, come under your supervision, and—

A. No, sir, that's not correct; they would be more under the direction of the Director of Statistics, who is my immediate superior, or supervisor; he is the one that makes the preparation of all the reports that go to the Interstate Commerce Commission; the Association of American Railroads, and various state reports, and of course all these reports are available to me and my office people for use.

Q. You do either collect yourself, or have available to you, the statistics pertaining—

A. Yes, sir, available to me.

Q. May I ask you please, to refer to your Exhibit H 4, [fol. 440] page 1. It is the exhibit supplementing your Exhibit 24. I believe that that shows that during the first five months' operation of this year, January through May of 1961, 1,515 people boarded Train 13 in Durham, and 394 departed from Train 13 in Durham?

A. That's right, sir.

Q. That would make a total, I believe, of 1,909?

A. That is about right, sir.

Q. And on your page 2 of your H 4, shows that at the same station, 657 boarded the train and 1,148, during that same period of five months, left the train?

A. That is correct, sir.

Q. And that would make a total, according to my calculations, 1,805?

A. Yes, sir.

Q. And that added to Train 13, would give you a total of 3,714, would it not?

A. I got some computations I'm trying to find here; what was that given figure again?

Q. 3,714.

A. What are those two figures again?

Q. 1,909 on Train 13, is that correct?

A. You have the computations for 1959 and '60; I didn't make any computations for the five months period.

Q. I'm directing your attention to your Exhibit H 4 for [fol. 441] the five months.

A. I follow you now.

Q. Is the figure of 3,714 correct for the total passengers on and off the train at Durham, for Trains 13 and 16, for a five months period?

A. Yes, sir.

Q. Now, Mr. Gleason, if you used that as a monthly average for a twelve month period, that would give you a total of 8,916, would it not?

A. That's correct, sir.

Q. Now, if you turn to your Exhibit 4, as attached to your Petition, in which you give the population of the entire county of Durham, not the city alone now, but the county of Durham, 111,995—

A. Mr. Bryant, I've got to tell you right now, I didn't prepare these figures; so I am not familiar with them.

Q. I understand that you did not; but I say—

A. What is this exhibit, No. 4?

Q. Exhibit 4, please. The 1960 population of Durham in your Exhibit 4 is listed as 111,995?

A. Yes, sir.

Q. If you assume that figure is correct, that would mean, would it not, that approximately a figure equivalent to 8% of the entire population of Durham County, either boarded or got off of these two trains in Durham during the course of the year, would it not?

[fol. 442] A. Mr. Bryant, assuming that this level of traffic for five months would continue for twelve months, your figure of 8,816 is correct.

Q. 8,916 I believe.

A. Now, I don't think that is a fair assumption because as I stated, on Train 16 for these five months, we had 2,024 school groups, and this was in this particular five months; and I'm sure that these school groups and kindergarten groups and church groups would not continue for the rest of the year; so I think that 8,916 would be overstated.

Q. Now, Mr. Gleason, that would be a matter of argument; there might be athletic groups, for athletic contests, and other groups in the fall of the year; and I am asking you if you assume this as an average?

A. If your assumption is correct.

Q. It would be a figure equivalent to 8% of the entire population of Durham County.

A. Yes, sir.

Q. Now, sir, I want to ask you if you will look on your Exhibit No. 26, and there I believe you show that for the combined operation of Trains 13 and 16, you had an average number of passengers for the year 1959 of 19.52?

A. Yes, sir.

Q. And for the year 1960, an average for the two trains of 20.19?

A. Yes, sir.

[fol. 443] Q. Now, your Schedule H 6, I believe, shows the first five months of 1961, and has an average of 29.58, does it not?

A. Yes, sir.

Q. I understand of course, that you do not admit that the average would continue, but if you would assume that the five months of 1961 average did continue, that would give you an increase in 1961, over 1960, of approximately 46.5%, would it not? Take your figure of 20.19, which you have testified was the average for 1960—

A. Yes, sir.

Q. Then take the figure of 29.58, the average for 1961; the first five months; and what increase, what percentage increase does that represent?

A. About a 45% increase.

Q. Isn't it, to be exact, about 46.5%?

A. That is assuming that the level of traffic for the five months would persist for the next seven months.

Q. But taking your own figures; I mean, you have that percentage as a result of your own figures shown on your schedule, made by you, does it not?

A. That's correct, yes, sir.

Q. Now, Mr. Gleason, do you know it to be a fact, or do you not know it to be a fact, that at one time there were three passenger trains each way, east and west, going between, operating in and out of Durham; that is, six passenger trains?

[fol. 444] A. That's true.

Q. And by petition to the Utilities Commission of North Carolina, that has been reduced now to the current, to the point where there are only two trains going through Durham a day, one eastbound and one westbound; one being 16 and one being 13; is that correct?

A. Yes, sir.

Q. And do you know it to be a fact, sir, that Durham, with a population in excess of 78,000 people, if these two trains were removed, would be entirely without any rail passenger service of any kind in any direction?

A. If these trains were taken off, yes, sir, there would be no passenger service to Durham.

Q. Now, Mr. Gleason, are you aware of the decision of the Supreme Court of North Carolina in this case in which the question of the continuance of these two trains went to the Supreme Court of North Carolina?

A. Well, I have seen it; not being a lawyer, I'm not too well versed on it, but I did testify in the proceedings before the Utilities Commission.

Q. Can you tell me one thing, Mr. Gleason, that the Southern Railway Company has done to popularize its passenger service in or out of Durham since the rendition of that decision?

A. Sir, I have to tell you as an accounting man, I would know nothing about the activities, except in a general way [fol. 445] about the activities; all that solicitation comes out of supervision.

Q. While I thoroughly appreciate the fact that there are other departments, and your duties give you somewhat different fields, I'm asking you as head of the statistics

Department, having supervision of the expenditures, and the statistics relating to expenditures, if you know of one penny that has been spent or one thing that has been done to popularize or improve the train service that goes out of Durham since that decision?

A. No, sir, I wouldn't know, because I wouldn't go into; I wouldn't know what goes into charges; say, the traffic advertising and the particular facets, they take care of. You see, that's entirely different.

Q. Now, Mr. Gleason, going to another subject please; you stated that certain passenger trains to your knowledge have been discontinued in and out of Durham, so that leaves only two left; can you tell us on how many different occasions the Utilities Commission for the State of North Carolina, have permitted increases in freight rates in order to compensate or make an effort to compensate for losses in passenger service, on this particular route, from Greensboro to Goldsboro?

A. Well, I don't think in those ex parte proceedings this particular route was given any special consideration; when the railroads applied to the ICC for permission to increase their interstate rates and they were granted certain consideration; and then we went to the various interstate regulatory bodies to get the intrastate. Do you want the number of times that we—

Q. No, sir, I'm asking you if you could tell us the number of times—yes, that's what I want, the number of times; I'm asking if you can tell me the number of times that the North Carolina Utilities Commission has permitted an increase in freight rates in order to take care of the losses of passenger traffic?

A. I don't think it was primarily to take care of losses in passenger traffic; we submitted data to show the increased cost, wages, supplies, materials, and other costs like that; while also; they were the primary information furnished the Commission; as to the number of times, I just recently finished with Mr. Burns in Ex Parte 223, I don't know how successful we are going to be on that one; the one previous to that was 212, 206, 206A, 196 and 175.

to my knowledge; now there are some more than that that I participated in, though.

Q. Do I understand that that totals four or six, as I counted them?

A. 175, 196, 206, 206A, 212, 223—six.

Q. Six. So, on at least six different occasions; what period of years does that cover, approximately, if you can give it to us?

A. 175, that was a series of increases, starting in March of '51, extending to August of '53; November of '55, rather. [fol. 447] 196 was in 1956.

Q. Excuse me, do I understand that the first one was in 1955?

A. 1955 was the last effective date of Ex Parte 175.

Q. That is; then, is it correct to say that over the period of the last six years—

A. I would say ten years; 175 goes back to 1951.

Q. That's about the figure of ten years. During the past ten years, there have been six occasions on which the Utilities Commission of North Carolina has approved freight rate increases for the Southern Railway Company?

A. To some extent, yes, sir.

Q. And in each of those six instances, the loss in passenger revenues was assigned as one of the reasons why the increase in the freight rates should be granted, is that correct?

A. I'm not sure about the State Commission, but I know the ICC considered the passenger losses; as to the state cases, statistical data I furnished was always based on increased costs—labor, material, and whatnot.

Q. And in each of the six cases, to which you have referred, the loss in passenger revenues was one of the reasons assigned for the increase in freight rates?

A. In ICC proceedings, yes, sir.

Q. Are you familiar with the Luckett Formula, and if so, I want to ask you if that does not have special provisions for taking care of the decrease in passenger revenues? [fol. 448]

A. I'm familiar with it, but the fact, as your colleague on your right knows, I presented at the last—I would say yes, it's considered in that.

Q. May I go to another subject please. What was the Southern Railway Company's trackage in 1960, in number of miles?

A. 6,266.

Q. 6,266. Now, Mr. Gleason, what is the trackage in mileage on this route from Greensboro to Goldsboro?

A. 129, using station to station; and 130 when you go around the yard—I'd say 129.

Q. All right; I apologize for asking a question which I could figure out myself if given time; but do you know what the percentage of the total trackage that is represented by this route from Greensboro to Goldsboro?

A. Round figures, ten per cent.

Q. I'm afraid I can't follow; you said total trackage was 6,000—

A. I thought you were referring to the total North Carolina trackage; and the total trackage of this segment.

Q. No, I didn't make my question clear; what I intended to ask you was the percentage of this trackage of the route from Greensboro to Goldsboro to the total trackage of your company?

A. You will have to pardon me while I go through all of this record.

Q. Take your time; I'm interested in getting it accurate, too.

[fol. 449] A. 6,266.

Q. Yes, that's what you testified.

A. And the North Carolina mileage is 1,000—oh, on this line—129.

Q. On this line, that is what I was asking you about.

A. You want the percentage now? Roughly, around 2%.

Q. Thank you, sir.

Now, you have offered the information; what percent of your total mileage is in North Carolina; I'm not confining it now to this particular route.

A. 1,294.

Q. That would be approximately—did I understand you to say it was approximately ten per cent of your trackage in North Carolina?

A. Ten per cent of the North Carolina trackage is the Greensboro-Goldsboro segment.

Q. Now, Mr. Gleason, you gave us a figure this morning, as to the total operating profit, I believe you call it, if I'm not mistaken, net operating profit of the Southern Railway Company for 1959, for the entire company. What was that for the year 1959; and on what Schedule does that appear?

A. For 1959, net income, I think that's what you are referring to?

Q. Yes, sir.

A. It is \$33,126,744.

[fol. 450] Q. What was the figure for 1958?

A. \$30,254,231.

Q. And now I will ask you for the figure of 1960.

A. \$30,702,542.

Q. And on what Schedule was that?

A. I don't think that's on any of my schedules; that appears in the annual report in Schedule 300.

Q. Now, your figure for 1960—

A. Oh, I'm sorry; this Income Account, it's the first time we have used this in proceedings, and I forgot about it, Mr. Bryant; it also appears on Schedule 31, 1959, on Sheet 1, and in 1960, Sheet 2 on Schedule 31.

Q. Thank you very much. Now, what do you term the net operating profit?

A. We, in the Railroad industry do not use profit. We have a term—

Q. Net operating income?

A. No, sir; not this figure. We do have—that's the figure which we predicate our rate of return relating to our investment figures.

Q. Now, what does the figure \$30,702,542 for 1960 represent in your terminology?

A. That represents after all our revenues, deducting all our expenses, taxes, then taking into consideration the joint facilities, equipment rents, adding other income, and de-[fol. 451] ducting deductions from income; and deducting your fixed charges; you get down to net income; that's the figure I gave you; and there is one more item of expenses to come out of that, which would be dividends.

Q. In order that I might understand your terminology, what do you identify that?

A. Net income, or profit.

Q. And, of course, as you have just explained, that is after the payment of all income taxes.

A. Yes, sir.

Q. Do you have the 1960 figure for your passenger losses, for the entire company?

A. Yes, sir, \$14,669,798.

Q. Is that after deducting income taxes, or before the deduction of income taxes?

A. There is no taxes on our passenger operations, as they are operated as a deficit; you pay no income taxes, but the taxes in there are three million seven, ad valorem use, miscellaneous, unemployment and so forth.

Q. But not income tax?

A. No, sir, you pay no income tax on that, because they operate as a deficit.

Q. All right, sir, now, by using any loss in your passenger income, you are able to reduce your Federal Income Taxes on that particular item by 52%, are you not?

[fol. 452] A. Yes, sir.

Q. And in North Carolina, you are able to reduce your losses by an additional six per cent, are you not?

A. Yes, sir; I'm not in the tax department, so, I am not familiar with the rates.

Q. If the maximum North Carolina corporate income tax is six per cent, then you would be entitled to an additional six per cent; would you not?

A. Six per cent there, yes, sir. Of course, that might not apply on the whole system. Various states have various levels of taxes.

Q. I understand, but that would apply to any losses inside of the State of North Carolina?

A. Yes.

Q. So as to any losses inside the State of North Carolina, you would have total deductions for income taxes of 58%, if the North Carolina rate is six per cent?

A. Yes, sir.

Q. So, therefore, that means that the net loss, with the elimination of the income taxes, would reduce the amount 42%, if you paid 58% in taxes.

A. That's correct. But we don't want to lose money to keep from paying North Carolina Federal Income Taxes. The Government wouldn't like that.

Q. I understand; now, of course, if Southern Railway [fol. 453] Company has to pay taxes too, just like anybody else we might just as well be realistic about that; because we have to pay them?

A. Yes, sir, we have to pay them.

Q. Will you turn, please, to your Exhibit Schedule No. 28, please, and I refer to Sheet No. 1. And I see there that by Direct Expenses in Excess of Revenues for 1960, for Operating Results of Passenger Trains 13 and 16 between Greensboro and Goldsboro, North Carolina; and I see for the total year 1960, the figure \$117,641.

A. Yes, sir.

Q. Will you please tell me what that figure represents?

A. That represents the out of pocket loss, on the operation of these trains for the year 1960.

Q. Is that before the deduction of any taxes?

A. No. That figure would naturally be diminished, if we didn't have that.

Q. Now, would you diminish that figure by 58% please and let me know what the results would be; I think you would get the same thing, by taking 42% of the figure, would you not?

A. You certainly would; and—

Q. And what would that amount to?

A. \$49,400, in round figures.

Q. \$49,400 in round figures, you say. Now, can you tell me what percentage of \$30,702,542, the sum of \$49,400 represents?

A. Not much.

[fol. 454] Q. Let's get it approximately, please, if you don't mind.

A. I don't mind, Mr. Bryant, making these computations, but it is difficult to sit up here and answer questions; I prefer to make most of these computations off the stand, if you wouldn't mind.

Q. I'm not hurrying you, Mr. Gleason.

A. You realize that it's difficult to sit up here and answer questions and make these computations; it's quite difficult; if you insist I do it, I'll do it.

Q. This may be an important figure, sir; I certainly wouldn't want to insist in taking up time if I didn't think so, but I did want to ask you what percentage of \$30,702,542 the figure \$49,400 represents.

A. .0016.

Q. Thank you very much, sir.

Now, going to another subject; what is the surplus, or what was the surplus of the Southern Railway Company at the end of the year 1960?

A. The ICC has changed the terminology of our Balance Sheet. We no longer have a surplus account; we retain—it's \$343,594,070.

Q. What dividends did the Southern Railway Company pay during the year 1960 to its shareholders?

A. \$21,043,207. That is your preferred and common both.

Q. The figure which you have given us for 1960 of \$30, [fol. 455] 702,542 represents net income from the 6,266 miles of trackage of Southern?

A. \$30,702,000 is the operation of Southern Railway Company; I'm pretty sure that's the mileage I gave you.

Q. That's the mileage, 6,266. Mr. Gleason, do you have any figures to show the net income, or net profit, from this—for 1960—from this route of 129 miles from Greensboro to Goldsboro?

A. No, sir.

Q. May I ask you this question. Are you not familiar with the fact that this 129 miles from Greensboro to Goldsboro runs through an extremely heavy industrial area?

A. It may well be; I'm not familiar with the industrial aspect of this section.

Q. Do you have someone who will be in a position to testify as to the possible revenue from freight in this, on this particular route?

A. No, sir, because we don't keep our records in such a manner that we can segregate a certain segment of operation and show the revenue.

Q. Without segregating it, statistically, don't you have someone in the company who knows whether or not this

particular route does run through a heavy industrialized area, which would be calculated to generate a great deal of shipments by way of freight?

A. No, sir, the only figure that I could give you; just [fol. 456] bear in mind now this is a branch line operation; and the only figures we would have to show the action on this particular segment is your density figures; your ton miles per mile of road; and ton miles per mile of road on this Greensboro-Goldsboro segment is about 61% of the company average. Now, the company average is decreased not only by this particular operation, but we have some more small operations where the traffic is not very dense. Now, relating this particular operation to your traffic coming down from Alexandria through Danville, Salisbury, and going on to Charlotte, and those places; that traffic there is terrifically dense compared to this. And it could be easily understood because it is not mainline traffic; this is feeder traffic.

Q. Wouldn't you say, then, that; strike that question, please.

Would you explain what you meant by the 61% figure a few moments ago?

A. Taking your net ton miles per mile of road, that's your traffic density; the traffic density moving on this line is approximately 61% of the company average.

Q. When you say this line, what line?

A. Greensboro to Goldsboro.

Q. Greensboro to Goldsboro.

A. I think that's easily understood because it's not on the main line operation.

Q. Then, Mr. Gleason, according to that, as I understand [fol. 457] it, you would say that the freight traffic moving on this Goldsboro-Greensboro route is above the average for the company's entire operation?

A. No, sir, 61% of the company average.

Q. Do you have any figures to show the freight operation on this particular route?

A. No, sir, only ton miles and miles of road, that's the only figures we have. You see, we can't confine our opera-

tions to any given segment like that without special study. Which would be quite involved; I've never heard of any special studies.

Q. Do you feel that you want to recess?

A. I'm getting tired; if a recess would be in order.

Exam. Gibbons: Let's proceed a short time.

By Mr. Bryant:

Q. Mr. Gleason, I refer to your suggestion that you don't like to work out percentages, but I would like to ask you if you lost \$14,669,798 in passenger service on your 6,266 miles, how much that averages a mile?

A. That figure was 6,267?

Q. You gave me the figure 6,266 miles of trackage of the Southern Railway; I'm assuming that is the figure.

A. I gave it to you, but I forgot it.

Q. I will be through in a moment, your Honor.

Exam. Gibbons: That question assumes that passenger operations are conducted over the entire track, isn't it?

[fol. 458] Mr. Bryant: I'm just trying to get an average, sir.

The Witness: \$2,344.

By Mr. Bryant:

Q. What does that figure represent?

A. That's your \$14,700,000 divided by your miles operated, 6,266.

Q. That would be the average passenger loss per mile of track, wouldn't it?

A. Just like the Examiner said, we are assuming that the 6,266 miles of road operated are both passenger and freight; we do have some exclusively freight operations, but, where there is no passenger service.

Q. Can you tell me the amount of passenger trackage?

A. No, sir.

Q. That figure was what please?

A. \$2,344, Now going to Schedule 531, miles operated is 2,913 for passengers, rather than your 6,266.

Q. Now, how much is the loss per mile, the 129 miles from Greensboro to Goldsboro, if the loss was \$117,641?

A. \$912, but now let me explain one thing first. You are taking this fourteen million; you are taking the full cost which includes everything; but when you are taking 117 thousand, that is cost, out of pocket cost, which is restricted to the sole operation of this train, so we are not comparing light with light.

Q. You have given the figure of 117 thousand as direct [fol. 459] expenses in excess of revenue, haven't you?

A. Yes, sir.

But when you get around to the fourteen million, you have everything in there; that's the full cost, as I explained when I was making explanation of Exhibit No. 3. That's the report we make to the Interstate Commerce Commission on our income table and report. That has full cost; \$117,641 is out of pocket costs related only to the operation of these trains, as I have shown on Exhibit 27; items of expense not included. There is a terrific amount of expenses.

Q. Let me get at it another way, Mr. Gleason; as to the point raised by the Commissioner a few moments ago, you have given us 6,266 miles as the total mileage of the Southern Railway Company; now is any of that not passenger miles?

A. A good bit of it, yes, sir.

Q. Can you tell us what part of it is exclusive; what part of it is passenger miles?

A. Schedule 531 shows 2,913.

Q. 2,913; so that if you were going to compare passenger miles with passenger miles, you would have to compare 2,913 for your entire company's operation with 129 for this Greensboro-Goldsboro operation, wouldn't you?

A. Comparing it with what, Mr. Bryant; the first computation you had me make was 6,266 miles.

Q. That's for the entire company, freight and passenger. [fol. 460] A. Yes, that's right.

Q. You tell me now that for the entire company's operations, that the passenger miles of trackage operated is 2,913, is that correct?

A. Yes, sir.

Q. I think that's all I want to ask you, sir.

Exam. Gibbons: Any further cross?
I have a couple of questions here.

Examination.

By Exam. Gibbons:

Q. This Exhibit No. 29, that figure \$41,517 for 1960; that, in effect, represents the Feeder Value of these trains, doesn't it?

A. Yes, sir, that the total of actual Feeder Value to the system lines, from this particular segment of \$83,034 reduced by the 50%.

Q. I understand you to say that the revenues, there the System Off Line Revenue is computed in the same manner as with the passengers revenue between the runs, between Greensboro and Goldsboro?

A. Yes, sir.

Q. Your out of pocket loss there is shown on Exhibit 28, and in the amount of \$117,641; is that the amount which you claim will be saved, if these two trains are removed?

A. Yes, sir.

Q. Wouldn't that, in turn, be reduced by the loss of the [fol. 461] feeder value, the revenue, or do you expect to lose all of the revenue that's shown on Exhibit 29?

A. No, sir, I'm not the man to answer the question; our Traffic Department estimates that we will save or retain part of this feeder value.

Q. A part of it?

A. From Greensboro to Mebane, I think; I think they will save.

Q. In other words, your claimed savings is \$117,641, is that right?

A. Yes, sir.

Q. On Exhibit H 6, you show all of these, you show the number of passengers?

A. Yes, sir.

Q. Does that include the Pullman passengers that might be riding between Raleigh and Greensboro?

A. Yes, sir, it includes the first class revenue. Mr. Examiner, if you will notice, in my expenses, I show the Pullman Company's net loss. In that loss, whatever first class revenue that the Southern Railway got for these people moving from Greensboro to Raleigh and return, those figures are included in the revenue of 102 at the top.

Q. Do Exhibit 29 there, the System Off Line Revenue, insofar as it relates to passengers, would only include first class and coach passengers?

A. Principally first class.

[fol. 462] Q. One question about the savings; I believe that you said that you saved all of the Union Station expenses at Goldsboro?

A. Yes, sir.

Q. \$6,940 a year; is it true that even if you do save that amount, those expenses would necessarily be diverted to other carriers that are using that station?

A. The carriers that remain there; they would have to bear the burden, unless they could reduce some of the expenses to the elimination of the Southern Railway's use of the terminal, yes, sir.

Q. Is that expense at Union Station, is that depending on the number of units; that operate in and out?

A. Yes, the cars in and out; these terminals make an operating statement and they show the cost of the operation of the terminal. Now, if there are any concessionaires, any revenue received, that in turn, is deducted from the expenses, and the net amount is pro-rated to the user lines on the basis of the cars they have.

Exam. Gibbons: Any further questions?

Mr. Dixon: I have one or two, Mr. Examiner.

Redirect examination.

By Mr. Dixon:

Q. Mr. Gleason, you stated the amount of dividends paid by Southern Railway Company in 1960.

A. Yes, sir.

Q. Were they based on \$2.80 a share on common, and [fol. 463] \$1.00 on the preferred?

A. Yes, that's correct.

Q. Can you tell us the earnings of Southern during the latest available period in 1961, compared with the comparable period in 1960?

A. The Southern Railway Company earnings for five months, ending May 31, 1961, as compared for the same period of 1960, revenues for this period were \$104,800,000; this is total revenues; against \$112,200,000 for the same period last year; a decrease of \$7,400,000. Our expenses, \$76,700,000 this year, against \$77,600,000; they also decreased \$900,000. Going down to Net Railway Operating Income, last year, this period, I mean, this year, \$11,500,000, against \$15,100,000 of last year, for a decrease of \$3,574,000; then carry it over to Net Income, this year, \$8,452,000, against \$11,042,000 of last year, or \$2,590,668 decrease of five months in 1961 as against the same period in 1960. Earnings per share of stock last year for the same period \$1.52, this year \$1.12.

Q. Mr. Gleason, on Exhibit 28, Schedule 1, Sheet 1, where you show a savings upon discontinuance of these trains of \$117,641, you were questioned about a tax deduction of either 52 or 58 per cent. With respect to that figure, and I would like to ask you whether taxes are computed on basis of out of pocket costs or fully distributed costs?

A. Fully distributed costs.

[fol. 464] Q. These figures are not fully distributed, are they?

A. These are out of pocket.

Mr. Dixon: That's all I have, Mr. Examiner.

Mr. Burns: I have a couple more questions in connection with some of the figures he brought out on questioning some other accounts. Do you want me to go ahead with them now?

Exam. Gibbons: Do you want to take a brief recess? I understand that this will conclude your cross?

Mr. Burns: It will finish mine.

Exam. Gibbons: Is there any further cross?

Mr. Bryant: I have no further.

Mr. Jones: I have no further.

Recross examination.

By Mr. Burns:

Q. Mr. Gleason, some of the questions; you mentioned a figure of 61% as being the traffic density of this line, compared with the company average traffic density; is that correct?

A. Yes, sir.

Q. And that is computed on a ton per mile of road basis?

A. Yes, sir.

Q. If we divide the miles of road of your company—I take it that's total miles that you are using there?

A. Yes, sir.

Q. Into the net freight operating income for your road in 1960, we will come up with a figure which is net freight [fol. 465] income per mile operated in 1960, wouldn't we?

A. That's correct.

Q. Now, the net freight operating income of your road, of your company in 1960 was \$50,777,397, was it not?

A. That is correct.

Q. And a mileage basis, dividing that by 6,266 miles, that would be \$8,086 net freight operating income per mile of road operated, would it not?

A. Yes.

Q. Now, if we take 61% of that, we have a good estimate of the freight earnings for this segment of the road, do we not?

A. No, sir.

Q. Why not, sir.

A. Because, as I say, let me get this straight; and how many miles are you using for this \$50,000,000?

Q. 6,266, which I believe is the figure which you used this morning.

A. You say \$8,103?

Q. I said \$8,086, but I accept your figure; whatever you say; what was it?

A. \$8,103. I could be wrong; it's not easy to make computations up here.

Q. All right, suppose we round it out to an even \$8,000; that would be slightly underestimated, would it not?

A. Okay.

[fol. 466] Q. If we say that is the average net freight income per mile of road operated, \$8,000 a mile, in 1960, and we take 61% of that figure, as being in line with your statement on freight traffic density on this segment of the road, we would have a good estimate, would we not, of the income, the net freight income for this particular segment of the road during 1960, would we not?

A. We would—\$4,880.

Q. Then we could determine the total amount by multiplying that back by 129.1, could we not?

A. \$629,520.

Q. So that would be the—what was that figure again, sir; \$620—

A. \$630,000.

Q. \$630,000, right?

A. Yes.

Q. As the net freight income for this segment of your road, during 1960.

A. I will concede that this segment of the railroad makes a contribution to the company, there is no doubt about that, freight wise.

Q. Makes a contribution, considering it as a unit of both freight and passenger service, does it not?

A. Well, it makes the contribution for passengers, but being as our passenger operations are at a terrific deficit, [fol. 467] it doesn't add any money through the company. But, as I say, the passenger ratio is 144 or 143, or \$1.44 to make a revenue dollar; so it makes a contribution of freight; none of our passenger operations makes—

Q. I understand that, sir; my point is this; as a unit consisting of both freight and passenger service, this segment of the road contributes to the overall welfare and profit of your company.

A. I don't think, Mr. Burns, I can agree with you with the passenger; I can agree with you on the freight.

Q. As freight and passenger lumped together?

A. We are losing \$14,700,000 passenger; it's certainly not adding anything to our net income from passengers; freight-wise, yes.

Q. As a unit, being made up of a whole series of transactions; some of them passengers, some of them passenger

transactions, some are freight transactions, as a unit, it contributes to the net income of your company?

A. I just can't agree with you, except for freight.

Q. You don't think that; well, strike that out.

I think it speaks for itself.

Mr. Burns: That's all the questions I have.

Mr. Dixon: That's all over here.

Exam. Gibbons: The witness may be excused.

(Witness excused.)

[fol. 468] Exam. Gibbons: We will recess for five minutes.

(Short recess taken.)

Exam. Gibbons: Back on the record.

Mr. Bryant: If you please, at Mr. Dixon's consent; he has agreed that we might present two witnesses; neither of whom will be available to us after today, and I think we might have them both sworn at the same time, to save time.

Exam. Gibbons: Both of the witnesses who are to testify please stand and raise your right hand.

ERNEST RECHEL was duly sworn and testified as follows:

Direct examination.

By Mr. Bryant:

Q. Will you kindly state your name for the record?

A. Ernest Rechel, R-e-c-h-e-l.

Q. Mind you, sir, that His Honor also, who sits behind you, must hear the witness.

Exam. Gibbons: I didn't get the spelling.

The Witness: R-e-c-h-e-l.

By Mr. Bryant:

Q. Mr. Rechel, where do you live?

A. In Huntingdon Valley, Pennsylvania.

Q. How far is that from Philadelphia?

A. The suburbs of Philadelphia.

Q. What is your occupation?

A. Chemist.

[fol. 469] Q. What type of chemistry are you engaged in, sir?

A. In charge of a research institute operation.

Q. Do you have any business in North Carolina?

A. Yes, sir.

Q. And what is the nature of your business in North Carolina, which requires you to come to North Carolina?

A. I come to Duke University approximately every three weeks, I should say.

Q. How long, sir, have you been coming to Duke University?

A. Oh, approximately ten years, I should say.

Q. Will you state how you formerly travelled when you came to Duke University? Which, I believe, is located in Durham?

A. Yes. I formerly came by plane, most of the time; sometimes I drove my car.

Q. Do you now come by any other method of transportation?

A. Yes, sir. I come by rail now.

Q. What train do you take in coming to Duke University for your consultations there?

A. We have only one train available to us in Philadelphia; it leaves about eight o'clock at night; it's overnight, and arrives in Durham in the morning; I don't know the number of the train.

Q. Do you travel in the Pullman car that leaves Philadelphia about eight o'clock at night, and comes straight on through to Durham?

A. Yes, sir.

[fol. 470] Q. Arriving at Durham approximately what time in the morning?

A. I believe it is about seven-thirty.

Q. How long have you been using the train as a means of getting from Philadelphia to Durham?

A. I should say about the past eight months.

Q. And how do you return from Durham to Philadelphia?

A. By train.

Q. And what train do you use in going to Philadelphia from Durham?

A. I use the overnight train that leaves about six o'clock.

Q. And what time does that return you to Philadelphia?

A. In the morning, approximately seven, or seven-thirty.

Q. Would you explain for the record please, sir, why you gave up plane travel from Philadelphia to Durham and return, in favor of train travel?

A. Yes, I will. I find that the train, overall, is a far more punctual mode of transportation. The plane service has deteriorated, from my standpoint, to such an extent that I find its punctuality has suffered thereby; and I find it extremely important and convenient to come in by train.

Q. Do you consider the retention of these two trains operating in and out of Durham as a case of necessity as far as you are concerned?

A. Yes, sir, I do.

Q. How often do you make this round trip from Durham [fol. 471] to Philadelphia on the Southern Railway trains?

A. About every three weeks.

Q. Mr. Rechel, will you explain what experiences, if any, you have had personally in attempting to make reservations by these trains to and from Durham?

A. My reservations are made for me by our travel agent, in our office. I understand that unless we attempt to make the reservations several days ahead, say, four or five days ahead of time, it is very difficult to get any confirmation on the return space. The going down is easy of course, but on one or two occasions, I was not sufficiently forehanded in getting these reservations, and I had to come with a blank ticket; I could not get any confirmation of the return.

Q. When your train gets into the Durham station at approximately seven-thirty in the morning; have you, on occasions when you did not have a return reservation confirmed, made an effort to confirm a return reservation?

A. Yes.

Q. And what did you find when you attempted to do so?

A. I was unable to get it at the last incident that I know of; last winter I had a blank ticket, and I was simply unable to contact the agent at the station. There was no answer to the telephone.

Q. When the train gets in at seven-thirty in the morning, do you know whether the ticket office is opened at that time?

[fol. 472] A. No, it's never been open at that time.

Q. Is there anyone at the station there, or have you made an effort at any time to find anyone at the station who could try to confirm the return reservation for you?

A. Yes, I've tried, but I have not been able to do so.

Q. Mr. Rechel, is there anything else which you care to state for the record in this case, as to the use of these trains?

A. Well, I can say, I find no particular reason to criticize the service; I've been very happy with it, and I find the privacy of the roomette accommodation is ideal; as I said before, it's far more satisfactory than air travel, for this particular journey, from Philadelphia to Durham.

Q. Yesterday, evidence was offered by the railroad company to indicate that there was bus travel available from Durham, and I ask you if you would comment, please, as to whether bus travel would be such as could be used for your purposes?

A. No, I think that would be out of the question. I have two choices; it's a difference of over; a distance of over four hundred miles. I might make a day trip and in that case, I would lose working time; or if I made an overnight trip, I'd arrive in a state that I would not want to present myself; you understand of course, sleeping in a bus seat overnight is undesirable.

Mr. Bryant: I think that's all I want to ask you, Mr. Rechel, thank you.

[fol. 473] Just a moment, please, there is possibly some cross examination.

Exam. Gibbons: Cross examination?

Mr. Eisenhart: I'm sorry, I didn't get your name; is it Mr. Rechel?

The Witness: Yes.

Cross examination.

By Mr. Eisenhart:

Q. Mr. Rechel, how long did you come to Durham by airplane?

A. You mean over how many years?

Q. What period of time?

A. From about 1951 until about eight months ago, say October of last year.

Q. What airline did you use for that flight?

A. In the early days, we had two airlines, we had Capital and Eastern; and Capital dropped out of the picture of course, and Eastern has a complete monopoly on the Philadelphia-Durham run.

Q. United didn't pick up Capital's run?

A. No.

Q. And that time that you used the air service, did it ever take you as long as 11 or 12 hours to get between Philadelphia and Durham?

A. Yes. Recently, I'd say in the last two years, I felt the decline in service. In the earlier part of my experience, [fol. 474] in the year 1951 on, we used to have remarkably convenient flights, direct flights, from Philadelphia to Durham, as a matter of fact; somewhere short of three hours. Of course, they were ideal. However, we don't have that, and I've had the experience of waiting at Durham Airport at least five hours before the plane even departed there.

Q. When did you wait the five hours before the plane departed; do you remember when that was?

A. It was one occasion last summer; I think this is what really convinced me that I didn't want to go through it again; the plane was due from Atlanta, and we were kept on a thirty minute alert at the airport, and not told that the plane had had to have a new engine put in it, and I think any of you gentlemen who fly will have had this experience. In addition to that, may I add that there is regularly, I think, unreasonably long connection time in Washington Airport.

Q. You mean you have to get off the plane and wait over?

A. Yes, there is only one flight that is direct, I understand, and that's 11:00 o'clock in the morning, flight that goes into Philadelphia.

Q. Is that northbound?

A. Northbound, yes.

Q. You had one instance where you waited as much as five hours; do you remember how long it took you after you were in the plane to get to Philadelphia?

[fol. 475] A. No, I don't, but I feel sure that it must have been at least one or two hours delay in Washington, because I missed the connection I had the ticket for. And there, of course, is some doubt as to whether you will continue. On quite a few occasions, I would say, I got to Washington, and found it more expedient to go to Union Station and take a train back from that point.

Q. Certainly that didn't occur during the afternoon rush hour in Washington; getting between National Airport and Union Station.

Mr. Rechel, when you come to Durham, do you know how long you are going to be here?

A. Yes, I always know exactly.

Q. So you could make your return reservation in Philadelphia before you set out?

A. Yes, it's always my plan.

Q. Do you know with whom your travel man makes the reservation in Philadelphia; is that with the Pennsylvania Railroad?

A. The Pennsylvania Railroad.

Q. And your trouble in making reservations is that you have to make them within the last day or so before departure?

A. Yes.

Q. In other words, you make the reservations satisfactory?

A. Yes.

Q. Have you had any difficulty on the train as to the [fol. 476] cooling of the car, the temperature of the car?

A. I don't recall any difficulty of that sort.

Mr. Eisenhart: Thank you, Mr. Rechel; that's all.

Redirect examination.

By Mr. Bryant:

Q. Do you have any dining facilities on the car, returning to Philadelphia?

A. At Greensboro, we do, yes.

Q. All right, sir, that's all.

Thank you very much.

Exam. Gibbons: The witness may be excused.

(Witness excused.)

JUSTIN KINGSON was duly sworn and testified as follows:

Direct examination.

By Mr. Graham:

Q. Would you state your name for the record, please?

A. My name is Justin Kingson, K-i-n-g-s-o-n.

Q. Your address?

A. 1050 Park Avenue, New York City.

Q. What is your occupation, Mr. Kingson?

A. Textile Executive.

Q. Mr. Kingson, would you state, please, your interest in and your connection with the Durham community?

A. Yes, I am the sole owner and stockholder, and officer of the Kingson Mills. We are now building and locating our plant in Durham. We are building it.

[fol. 477] Q. When did you first form your connection in Durham, Mr. Kingson?

A. About a year and nine months ago.

Q. Were you in touch with various leaders in the Durham community, representatives of groups, prior to your coming?

A. No. Yes—more so through the C & D Department in Raleigh; Conservation and Development.

Q. Of the State Government.

A. They pointed out various cities and various good points and bad points in locating the plant.

Q. Did you look at more places of possible location in North Carolina than Durham alone?

A. Oh, yes, all around.

Q. You looked at a great many?

A. Yes, sir.

Q. What were some of the factors that you took into account in determining to locate your plant in Durham?

A. First the building was quite suitable for us, the one we are working on now; the people were nice; the labor supply was fine; the tax picture was fair; the water supply was good; necessary for a finishing company. What particularly attracted me was this train service.

Q. That was a method of transportation to you. Do you operate any plants anywhere else?

A. In Rhode Island, sir.

[fol. 478] Q. Rhode Island?

A. Yes, sir.

Q. You make your permanent residence in New York City?

A. Yes, sir.

Q. Is it necessary in the course of your business to make frequent trips to the various plants?

A. I do, sir.

Q. Would you estimate the number of times you come to Durham per month, sir?

A. Well, it's still being built now; we are just beginning operations now; I've been averaging one every two weeks; occasionally, one every three weeks, and sometimes I come every week. But, as we get that running there, and we look forward to employing two or three hundred people eventually; I will have to come more often.

Q. Mr. Kingson, when you do visit your interest in Durham, what method of travel do you employ?

A. Train only.

Q. And that would be the train coming right through Durham from Greensboro?

A. Yes, sir, and I go back the same way.

Q. You would take Train 16?

A. Yes, sir. I don't know the numbers.

Q. You know it's Southern Railroad?

A. That's right.

[fol. 479] Q. You catch the train going back to your home right there at Union Station in Durham?

A. Yes, about 5:55 at night.

Q. On your return to Durham, do you come into the same station?

A. Yes, sir.

Q. Is that in the morning hours?

A. Yes.

Q. Mr. Kingson, why is it you are so weighted to the use of that train as to some alternative method of travel?

A. Frankly, many years ago, I had an automobile accident, and I can't fly; and I must use the train; and that's one of the prime reasons I located this plant here; I wasn't asked to come here today even though you do happen to be our attorney; I just happen to hear that that was the hearing, and I asked you to let me come, because if this train is taken off, I'm going to be in a devil of a fix.

Q. Do other members of your family use it also?

A. Yes, sir, my son does, who works with us.

Q. And Mrs. Kingson, I believe?

A. When she comes down; and I will tell you another thing; it rounds out a picture for the rest of our executives. It's true they fly, but they also take the train, and we never have to worry. They have two methods of coming; sometimes they come by train, and sometimes by plane; but it sort of rounded out the picture of Durham for me, [fol. 480] having both services.

Q. Would it be fair to say that that was a major contributing factor as to your final decision as to locating there?

A. I would say major, but my personal case, owning all the stock, I could make the decision to suit myself.

Q. Was it the final decision?

A. It was a good part of it.

Q. Would it be fair to say that the rail service offered by Seaboard to Raleigh, which you may have heard mentioned in the discussion here; would it be fair to say that that would not adequately replace the Southern's service?

A. No, not at all except in emergencies. Because, I had the thing last night; the situation faced me last night. I

was down in Washington with the Commerce Department, and it was about 5:30 when I got through there, or 4:30 Standard time; I missed the train to Raleigh, and I had my choice of making the 8:30 or something, that would have landed me in Raleigh at 12:20 or 1:00 o'clock, sometime around that, and I didn't have a car to Durham, but then I was able to catch that midnight train at 11:00 o'clock standard, to Durham, from Washington, and that way, I didn't lose any time. Normally, in New York, if I want to go by way of Raleigh, I would have to lose an entire day; I would have to start during the day.

Q. If I understand you correctly, your particular case, bus travel would be entirely inadequate and impossible?
[fol. 481] A. Yes, sir.

Q. And air travel likewise?

A. Yes, sir.

Q. In your opinion, does the continuance of this train serve your personal convenience and necessity?

A. Absolutely.

Q. And those of your family and organization?

A. Absolutely.

Q. In your opinion, could this service be improved; the facilities which are offered?

A. My problem of reservation is different from the other gentleman; maybe I am more daring. I just come here and take my chances; I have never been shut out; I have always gotten reservations back; and in New York, I make them in New York, and somehow there is always something, if you are patient enough. The reservation part is okay; but the part that does sometimes annoy me; it's almost like a rule that you never know what car you are going to get; now, take this morning, I came down—you people can check—it was Car SR 34, Bedroom F, and the air conditioning was on all night; it was the type of air conditioning that was centrally located, different from the ones that work individually; but Mr. Sledge and Mr. Crawley were on that same train with me, and it was freezing this morning, and they couldn't turn that off. About a half hour before we got to Durham, I tried to get off, and I found the door was [fol. 482] locked; the lock switched; and there I was about

a half hour, and everybody trying to get me out of there; I was locked until somebody thought of the idea of taking me from the next bedroom; but things like that you find all the time; sometimes it is a new car, sometimes it's an old car. But it is never a steady car.

Q. In spite of the imperfections of the service, it still has a value to you which no other method of transportation can match?

A. Those imperfections are only slight; the help is always courteous and everything else is perfect.

Q. When you; I believe you are planning to return to Washington and New York, in the near future; which method of travel do you plan to employ?

A. I have no other way, sir, train.

Q. Leave Durham on the very train we are talking about?

A. That's right.

Mr. Graham: You may examine him, sir.

Cross examination.

By Mr. Eisenhart:

Q. Mr. Kingson.

A. Yes, sir.

Q. When was it that you consulted the Conservation and Development people and other local people about locating your plant in this area?

A. This has been going on with Governor Hodges a long time; over the years, we look at one place; there are good things with it and bad things with it; but this has been going on four or five years.

[fol. 483] Q. You made your decision to locate in Durham about what time?

A. Sandy, do you remember; was it in August?

Mr. Graham: I'm not on the stand.

The Witness: I'm sorry; I thought this was informal; I apologize; maybe a little less than two years ago.

By Mr. Eisenhart:

Q. Between a year and two years?

A. About a year and nine months, to two years.

Q. About that time, were you told by any of these people that an effort was being made to remove these passenger trains?

A. No, they wouldn't tell me that; of course, that was one of the reasons we came here.

Q. Do you know, or were you told at one time that Durham had more passenger service than is now available?

A. No, sir.

Q. Did you consult with the Railway Industrial Development people concerning the location of your plant?

A. No, sir.

Q. Is this plant that you are constructing a plant that would ship by rail or by motor carrier, or some other way?

A. They will ship both ways; it's got a railroad siding, sir.

Mr. Eisenhart: That's all I have, thank you.

Exam. Gibbons: One thing, if these trains were discontinued, have you thought of any way of travelling back and forth between New York City and Durham?

[fol. 484] A. I never realized until the; just the past few months, that there was even a question of that; I don't know how I would get down, except lose an extra day each way; that's what I would have to do.

Exam. Gibbons: By what means?

The Witness: I would have to go to Raleigh and leave in the afternoon; and here is another problem; there isn't any train back from Raleigh; the first one is about ten o'clock at night; I'm only guessing these names; now, the Seaboard, and one coming up from Florida at one; now they get in New York past eleven or twelve o'clock the next morning; where this one gets in early in the morning.

Exam. Gibbons: Then you would have the problem of going from Durham to Raleigh.

The Witness: I would either have to have someone meet me or take a cab; probably a taxi cab.

Exam. Gibbons: You could negotiate the trip by rail, but you would be inconvenienced by several hours?

The Witness: It would be more than that; several days. If I want to leave New York Monday night at 6:30, I think, 7:30, I would be in Durham tomorrow morning, Tuesday morning. On the other hand, if I had to come by way of Raleigh,—I don't know the exact schedule, but during the day; then I would have to take a taxi or get some means of motivation over there, and I would have to leave late at night the next day and take a chance of that Florida train [fol. 485] being late; in the winter time, it is awful late; and I know that I can't get into New York before eleven or twelve the next day; so it isn't just one day; it is two or three days.

Exam. Gibbons: You are excused.

Mr. Eisenhart: May I ask a question, sir?

Are you familiar with the bus service between Greensboro and Durham, Mr. Kingson?

The Witness: No.

Mr. Eisenhart: In the event that there was available bus service between Greensboro and Durham, you could continue to take the same train that you do from, say, between Greensboro and New York, and come to Durham either by bus service, or by taxi, or by rented car, or being met?

The Witness: I could do that; I could take the bus direct from New York; or I could drive down.

Mr. Eisenhart: You suggested that that would cost you a good deal of time, I believe.

The Witness: What time would you get into Greensboro; what time would I have to get off to get here at nine o'clock in the morning? I would have to get off about six. And I think it would be quite difficult, putting in a day's work riding at night. I don't know how far Greensboro is from Durham.

Mr. Eisenhart: Thank you.

Exam. Gibbons: You are excused.

(Witness excused.)

[fol. 486] Exam. Gibbons: Mr. Bryant, do you have any more witnesses at this time? Are they the only two you wish to put on at this time?

Mr. Bryant: The rest of them, if your Honor please, can be available later. Thank you very much for permitting me to put these two on out of order.

Exam. Gibbons: All right, sir.

Mr. Dixon: Mr. Kidd.

J. W. Kidd was duly sworn and testified as follows:

Direct examination.

By Mr. Dixon:

Q. Mr. Kidd, please state your name, residence, and occupation.

A. J. W. Kidd; residence, Charlotte, North Carolina; Assistant Chief Engineer of lines leased.

Q. What is your railroad background, Mr. Kidd?

A. I have 37 years with Southern Railway.

Q. As an Engineer?

A. Not all of it as an Engineer, but the first 12 or 13 years as an Engineer, Assistant Bridge and Building Supervisor, for a couple years—eleven years. Assistant Division Engineer for a couple years; Division Engineer for two or three; Assistant Superintendent for about a year; and since that time, Assistant Engineer of lines leased.

Q. Mr. Kidd, I believe you have prepared an exhibit [fol. 487] designed to show Estimated Benefits to be Derived by Removal of Passenger Service on the Southern Line between Greensboro and Goldsboro, N. C.?

A. Yes, sir.

Q. Mr. Examiner, may we identify this exhibit as H 11?

Exam. Gibbons: It may be so marked for identification.

(Exhibit H 11, Witness Kidd, was marked for identification.)

By Mr. Dixon:

Q. Will you tell us, Mr. Kidd, what H 11 shows, please?

A. We have on there, beginning at the Greensboro end of the line, a station at Gibsonville, Elon College, Burlington, Graham, Haw River, Mebane, Hillsboro, Durham,

Morrisville, Cary, Raleigh, Garner, Clayton, Selma, Pine Level, Princeton, and Goldsboro.

Q. Are those all the stations on the line except Greensboro?

A. Yes, sir.

Q. Just go ahead.

A. In the first column, we've got an annual saving in maintenance, at Gibsonville, of about \$95 a year, and \$5 annually for heating and utilities. Elon College, which I understand is now, been granted authority for the removal of that station; we have an annual saving of \$120 in maintenance and \$10 for utilities. In Burlington, \$725 for annual maintenance figures, and \$2,250 rental on lease property, and \$2,250 on leased property anticipates that [fol. 488] the station will be removed. Annual savings on heating and utilities, \$500. The next is Graham, Haw River, Mebane; we do not feel that we can save anything on these three stations at all, because they are only suitable for our needs now, and will not be affected savings-wise if the train is removed. Hillsboro has an annual saving estimated at \$51, \$4 for heating and utilities. Durham an annual saving of \$2,090 and heating and utilities of \$1,425. Morrisville and Cary, we have no savings at all. Raleigh, estimated annual savings on maintenance, \$855, and due to certain changes that we probably will make when the train comes off, that is leasing out the freight station and its property around it, certain property around it, and converting the passenger station into a freight station, we figure that we can rent that property for \$4,570 annually; there will also be a saving in heat and utilities and other items of \$2,200. Garner, we have no savings that we can figure there. Clayton, we only have a small saving there of about \$40. Selma, Pine Level, fall in the same class; Princeton, we have a small saving there of about \$70 in maintenance, and about \$5 in utilities; making a total there on annual savings and maintenance of \$4,046; annual rental for lease of property of \$6,820; and heating and utilities of about \$4,149. We have a note down on the bottom there, which is for jointly owned facilities, which include Durham, which we claim the entire operating cost; Cary, which is on a 50-50 basis; I believe; and Selma, with

[fol. 489] the Coast Line, which is on a 50-50 basis. Goldsboro, I believe that is on a one-third basis. We claimed no savings at all.

Now, we also figure there that it will cost us about \$38,000 to; \$38,800, to convert that passenger station to a freight station. We estimate that the total annual benefits in the Summary down there to be about \$15,015.

Q. Mr. Kidd, that sum of \$15,015 is in addition to the figures that were introduced by Mr. Gleason?

A. Yes, sir.

Mr. Dixon: That's all I have on direct, I believe.

Exam. Gibbons: Cross examination?

Mr. Burns: Just a few questions.

Cross examination.

By Mr. Burns:

Q. Mr. Kidd, I think, if I understood you correctly, the \$2,250 that Burlington is showing, is contingent on the removal of the station?

A. That's right, sir.

Q. And I also think you said that the savings at Elon College has already been brought about by closing out that station, regardless of what happens in this proceeding?

A. That's my understanding, yes, sir.

Q. I think you are correct, sir, I just wanted to clarify that. Now, as far as Raleigh is concerned, do you think you can rent the local Southern Railway Passenger Station for \$4,570, if you spend \$38,800 getting the station ready [fol. 49C] for use as a freight station?

A. We would rent the front station, and move our freight operation facilities into the passenger station, by spending \$38,800; to the passenger station.

Q. Why is the savings in heating and utilities so much higher at Raleigh than it is in Durham?

A. For this reason; we have a combination plant at Raleigh, which is yard heating and depot heating, which runs that cost way up.

Q. Any labor in any of these figures that you show here?

A. The only labor that would be involved would be the labor as far as the annual savings in maintenance would be concerned; there might be some labor in that.

Q. Would that be janitorial service?

A. No, sir.

Q. Porters?

A. No, sir; no operating personnel at all.

Q. Durham, in your maintenance cost, who does the maintenance work there, what employees?

A. Well, of course, there are several different classes of employees that do that maintenance work; there are primarily the Bridge and Building forces that do the work; and of course, there are some railway forces called in from time to time to do minor jobs such as cleaning the snow and ice, if that should occur.

[fol. 491] Q. Does that occur very often?

A. No, sir, I don't think it occurs too often at Durham.

Q. Did you spend \$22,090 in Durham last year?

A. \$22,000.

Q. No; \$2,000.

A. This is an estimated figure for the future.

Q. Are all these figures estimated?

A. Yes, sir.

Mr. Burns: That's all the questions I have.

Exam. Gibbons: Any further cross?

By Mr. Jones:

Q. Mr. Kidd, I would like to ask you a few questions. In your last answer to Mr. Burns, on the item of \$2,090 annual savings in maintenance at Durham:

A. Yes, sir.

Q. You say you didn't actually spend that?

A. I don't know what was spent. I haven't gone into the maintenance figures for the last five or six years at all.

Q. Oh, yes, I see.

A. This is estimated, sir.

Q. You have made the estimates?

A. I have made the estimate.

Q. But you don't know what they spent in the last several years?

A. I have not gone into it.

Q. I notice, Mr. Kidd, that the title of this Exhibit H 11 is Estimated Benefits to be Derived by Removal of Passenger Service between Greensboro, N. C. and Goldsboro, [fol. 492] N. C., but I fail to find any designation as to who those benefits inure to.

A. What do you mean by that?

Q. I mean to ask you to whom will these benefits inure that you say will be realized; if this passenger train is discontinued?

A. I would say the Southern Railway Company.

Q. Now, I believe you stated by cutting out the passenger service between these two points, that you could save \$15,015. Do you know how much money the Southern Railway Company has spent in the last 12 months on advertising its facilities, passenger facilities, soliciting people to ride a passenger train?

A. Well, sir, my only answer—I'm not in the traffic department; or passenger department; I don't know anything about that.

Q. You don't know?

A. No.

Q. You don't know how much advertising or solicitation \$15,015 would buy, do you?

A. I have no idea.

Q. And this \$15,015, which you estimated can be saved, which you estimated will benefit the Southern Railway Company by removing these trains; if that \$15,000 were spent on trying to improve facilities and trying to solicit people to ride on the trains, do you know how far and to what extent that would go?

A. No, sir, I would have no idea.

[fol. 493] Q. So far as you know, there has been no move afoot to spend \$15,000 for that purpose, has there?

A. I know nothing about it; as far as I know.

Q. Now, if the \$15,000 is saved by removing the passenger trains, of course, there will be no service at all, no passenger service between those two points, and that \$15,000 so saved could be added to the earnings of the company of thirty odd million dollars, could it not?

A. I don't know where the \$15,000 will go, sir, that's not in my province; I don't know anything about that.

Q. It would be distributed to the stockholders of Southern Railway?

A. I don't know that.

Mr. Jones: I don't reckon there is anything else, other than—this other thing—did you prepare this exhibit, H 11?

The Witness: Yes, sir.

By Mr. Jones:

Q. Of course, you found out about the hearing, I imagine?

A. Yes, sir.

Q. Who is your immediate supervisor?

A. My immediate supervisor is the Chief Engineer of Lines, J. M. Peak.

Q. Is he the man who gave you instructions to be here?

A. Yes, sir.

Q. And to prepare this exhibit?

[fol. 494] A. Yes.

Mr. Jones: That's all I wanted to ask.

Exam. Gibbons: Any further questions?

By Mr. Graham:

Q. Mr. Kidd, I understood you to say in answer to questions from Mr. Burns, I believe, that in arriving at the figure of \$2,090, beside the Durham Station, in the first column, Annual Saving in Maintenance, that you did not look at any of the actual costs for the past few years?

A. No, I was not interested in any of the actual costs over the past few years, for the simple reason I was interested in future maintenance.

Q. Is that same statement true with respect to the figures that you have beside Gibsonville and Elon College and others in that column?

A. Yes, sir.

Q. Is it also; if I understood you correctly, also the figure of \$4,570, which appears in the column Annual Rental for lease of Property beside the Raleigh Station, is a figure which you estimate that you might be able to rent some property for?

A. Yes, sir.

Q. In other words, if it is not an actual figure, it is just a figure that you estimate that you might be able to rent something.

A. I had a basis for that estimate. I have a basis.

Q. But it is not an actual figure, it is an estimate?
[fol. 495] A. It is an estimate.

Mr. Graham: Thank you, sir.

Exam. Gibbons: Further cross?

(No response.)

Exam. Gibbons: If not, the witness may be excused.

(Witness excused.)

Mr. Eisenhart: We will call Mr. Bayliss, please.

GEORGE V. BAYLISS was duly sworn and testified as follows:

Direct examination.

By Mr. Eisenhart:

Q. Mr. Bayliss, will you give your name and address and occupation?

A. My name is George V. Bayliss; my home is in Arlington, Virginia. I am Special Investigator, Audit Department, Southern Railway Company, Washington, D. C.

Q. What do your duties consist of as far as they relate to proceedings of this kind?

A. I make field investigations and studies with respect to population, motor vehicle registration, and competitive services, available highways, and other data, and in connection with train discontinuance cases. I have testified before most of the State Regulatory Commissions in which the Southern Railway Lines operate.

Q. Did you participate in this case before the North Carolina Utilities Commission?

A. I did.

[fol. 496] Q. Have you prepared testimony and Exhibits

for presentation in this proceeding before the Interstate Commerce Commission?

A. I have.

Q. Is the testimony, and the exhibits, which you are about to give, true and correct to the best of your knowledge and belief?

A. They are.

Q. Now, Mr. Bayliss, would you indicate what part of the textural material in the application filed before the ICC is your material?

A. Yes; beginning at the top of page two, the sentence, "This exhibit also shows—", down to the end of that paragraph, "the year 1960." Picking up at page 3, the bottom of the page, "The trains provide rail passenger service"; page 5, beginning with, "Exhibit 4 attached—"; page 9, ending with "by Exhibit 5.", and picking up at the top of page 10, paragraph 5, and ending on page 25, the top of the page, the paragraph ending with the word "miles."

Q. Ending "RF&P is 275.4 miles."?

A. That's right.

Q. Does that cover the text of your material?

A. That covers the textural material.

Q. Now, Mr. Bayliss, did you participate in the making of Exhibit No. 1, attached to the application?

A. Yes, I am responsible for the population figures inserted there.

[fol. 497] Q. The source there is shown at the bottom?

A. That is correct.

Q. What other exhibits?

A. Well, the map marked Exhibit 2, I'm responsible for the supervising and making of that map.

Q. That's an official highway map of North Carolina?

A. That is a blown-up section of the North Carolina Highway Map for the year 1960.

Q. Has a red line on it.

A. That's right; I inserted the red line.

Q. Which is what?

A. Indicating the line, the route of trains, Trains 13 and 16, between Goldsboro and Goldsboro, or Greensboro. And Exhibit 4?

Q. Yes.

A. In this connection, I would like to make a correction here; under the column 1960, showing the total population of the seven southern counties, I have 801,236; and I find that that should be 802,236.

Q. I take it that's an error in arithmetic, since you are not changing any of the other figures on that page?

A. There is a slight change on the average population of the seven counties; now reading 200.4, should be 200.6. For Percent Increase of seven Counties, now reading 20.5, should be 20.6. Exhibit 5, the same error in connection with [fol. 498] the total population of the seven counties, should be changed from 801,236 to 802,236, and there won't result in any other changes on that page.

Next, I have Exhibit 6—

Q. That is self-evident. And Exhibit 7?

A. Exhibit 7, a map.

Q. Will you describe what that map is?

A. This map shows the lines of Southern Railway in Green, the route of Trains 13 and 16, between Greensboro and Goldsboro, in Red; the Seaboard Airline Passenger Service through Raleigh, is in Blue; at Selma, the yellow line running through there is the Atlantic Coast Line service; between Richmond and Florida points; at Goldsboro, another yellow line running down from Wilson, North Carolina, shows the Coast Line passenger service from Rocky Mount to Wilmington through Goldsboro.

Q. Now, Mr. Bayliss, Exhibit No. 8 is a two-page exhibit?

A. Yes, sir.

Q. And I believe you have among this group, which are stapled together, what you call a revised exhibit 8, is that correct?

A. Yes, sir.

Q. What do you mean by revised; what is the difference between the revised Exhibit 8, which I will ask the Examiner to give a number to—

Exam. Gibbons: We will assign that as Exhibit H 12. That is the—

Mr. Eisenhart: The Timetable of Other Southern Rail- [fol. 499] way Company Passenger Trains Serving Greensboro, North Carolina; a two-page exhibit.

The Witness: Original No. 8 is revised for the reason, Mr. Examiner, to reflect certain time changes which came about from changing some times, from Standard to Day-light Saving time.

Exam. Gibbons: You said a two-page exhibit; is that right?

Mr. Eisenhart: Off the record, just a moment.

Exam. Gibbons: Off the record.

(Discussion off the record.)

Exam. Gibbons: On the record.

Mr. Eisenhart: Can we have it shown then, that the exhibit designated H 12 is of several pages to revise schedules shown in Exhibits 8, 9, 10, 11, 12, 13, 14, 16, 17, and 18, which are attached to the application.

Exam. Gibbons: In other words, H 12 revises all of those that you just mentioned?

Mr. Eisenhart: Yes, brings them up to date.

Exam. Gibbons: All right.

(Applicant's Exhibit H-12, witness Bayliss, was marked for identification.)

By Mr. Eisenhart:

Q. Now, Mr. Bayliss, do you have before you a two-page document entitled North Carolina counties that does not have rail passenger service?

A. Yes, sir.

Q. May we have that marked separately, Mr. Examiner?

[fol. 500] Exam. Gibbons: As Exhibit H-13.

(Applicant's Exhibit H 13, Witness Bayliss, was marked for identification.)

By Mr. Eisenhart:

Q. Will you explain that exhibit, Mr. Bayliss?

A. Exhibit 13, H 13, shows that of a total of 100 counties in North Carolina, there are today exactly one half, fifty counties, that do not have rail passenger service.

These fifty counties embrace a total land area of 23,364 square miles, or approximately 47.5 per cent of the total

land area of the state. Population-wise, the population of these 50 counties total 1,315,235, or 28.8 per cent of the total population of the state.

Q. Now, Mr. Bayliss, will you turn to a one page document entitled Southern Coach Company, a timetable, which I ask to be marked.

Exam. Gibbons: That will be marked as Exhibit H 14.

(Applicant's Exhibit H 14, witness Bayliss, was marked for identification.)

By Mr. Eisenhart:

Q. Please indicate what the purpose of that is?

A. H 14 shows the schedule of Southern Coach Company, a line having service between Raleigh and Wilmington; but for the purpose of this case, that Table 3046 shows two round trips daily between Durham and Raleigh.

[fol. 501] Q. Is this additional to service shown in the exhibits attached to the application?

A. That is correct.

Q. Now, Mr. Bayliss, have you made any study of the situation of counties which would no longer have rail passenger service in the event these trains are discontinued, insofar as the number, insofar as the effect on the use that is being made of the trains is concerned?

A. Yes, sir.

Q. Would you please discuss that?

A. In connection with Mr. Gleason's Exhibit 4—

Q. 24?

A. Exhibit 4, that's the On and Off—

Exam. Gibbons: H 4, it is.

The Witness: H 4 is the On and Off statement. I want the prior one for '59 and '60, attached to the petition.

By Mr. Eisenhart:

Q. That's Exhibit No. 24.

A. From Exhibit 24 of Mr. Gleason, I determined the number of passengers boarding the trains in both 13 and 16, in Alamance County, Orange County, and Durham

County. The three counties involved; and those three counties, there are a total of nine stations. In Alamance County, having five stations, Elon College, Burlington, Graham, Haw River, Mebane, and in 1959, those five stations had a total of 1,531 passengers boarding both trains 13 and 16. Now, the total population in Alamance County of 85,674, [fol. 502] the ratio of use of the trains to population in that county is 1.79%, less than 2%; in 1960, same county, same stations, a total of 1,810 fares or persons using the trains, both Trains 13 and 16, the use in ratio to population is 2.11%; in Orange County, 1960, the population 42,970 persons, three stations, Efland, Hillsboro, and Glenn; in 1959, those three stations had 216 persons boarding Trains 13 and 16, with a ratio of use of population of .50%, one half of one per cent. In 1960, those three stations reduced 207 fares, and a ratio of use to population of .48%, less than one half of one per cent. Durham County, 1960 population of 111,995 persons; one station, Durham. 1959, 3,132 boarded 13 and 16 and a ratio of use to population of 2.80%. In 1960, Durham has 3,704 persons boarding trains 13 and 16, a ratio of use to population of 3.31%.

Q. I figure from what you say that you used the On passengers at these stations?

A. Persons boarding the trains; he is the fellow that produces the revenue; they pay when they get on, they don't pay when they get off.

Q. At this place?

A. At all the places.

May I finish; I hadn't finished.

Q. Yes.

A. Now, the total population of the three counties, 240,639; total passengers in the three counties, boarding Trains [fol. 503] 13 and 16, 4,879, and that's a 1959 figure; now that's a ratio of use to population for a total of three counties, 2.0%; in 1960, a total passengers boarding trains 13 and 16 in the three counties, 5,721, a ratio of use to population, 2.3%.

Q. Now, have you made the same kind of study for counties that will continue to have some rail passenger service, in the event that these two trains of Southern Railway are discontinued?

A. I have.

Q. Would you briefly indicate that; I think we can get the totals and percentages.

A. The four counties that will continue to have rail passenger service in the event 13 and 16 are discontinued; Guilford County, Wake County, Johnston County and Wayne County.

May I go off the record a moment?

Exam. Gibbons: Off the record.

(Discussion off the record.)

Exam. Gibbons: On the record.

The Witness: The total population of the four counties, 561,597; total passengers, 9,382, in 1959; a ratio of use to population of 1.67%. In 1960, a total of passengers boarding 13 and 16, 9,044; a ratio of use to population of 1.79%.

Mr. Eisenhart: That's all I have on direct.

Exam. Gibbons: Cross examination?

Cross examination.

By Mr. Burns:

Q. All right, sir, first of all, on your Exhibits H 14, isn't [fol. 504] it a fact that Schedule 3046, Southern Coach Company suspended by the Utilities Commission?

A. I'm not aware of that. If so, it was shown in Russell's Guide of June, 1961; it may have occurred since that was published.

Q. Are you the man for Southern Railway who is charged for publishing your own schedules?

A. No, sir.

Q. Who is the man which should be asked about publishing the schedules?

A. Mr. Deck is here from the passenger department; I don't know if he has anything to do with the publishing.

Q. It is a fact that you have already published in some National publication the fact that this train has already been discontinued?

A. I know nothing about that. What national publication; the Official Guide of Railways?

Q. Yes. Has it been published that the Pullman car be discontinued on the day this hearing was to start?

A. I haven't seen the latest guide, but I don't believe that's so.

Q. We can establish that.

A. I hope so.

Q. And otherwise, there are errors that appear in—

A. Not that serious.

[fol. 505] Q. I'll ask you if it hasn't been corrected by subsequent—

A. It has appeared in the publication; I said I don't believe it appeared in the publication, even though I haven't seen the latest official guide.

Q. The latest one will be correct.

Are you familiar with North Carolina and the location of the counties that you have on your Exhibit H 13?

A. By examining a map of North Carolina.

Q. You don't know where these are of your own knowledge?

A. Which ones do you want to locate?

Q. Where is Cherokee, is it in the Piedmont, the mountains, or on the coast; can you tell me where these counties are without looking on your map?

A. I can tell you they are in North Carolina.

Q. Have you studied them to see if they form sort of a picture on the map, as being extreme coastal counties, or extreme mountainous counties?

A. I can tell you they are divided around in western North Carolina, they are in the eastern section of North Carolina; they are in the northeastern section of North Carolina; that are in the southeastern section of North Carolina; they are all over the state.

Q. Basically, these counties are mountain counties and coastal counties, is that not correct?

A. Some in the mountain section, some on the coastal section, [fol. 506] and some in the southern section over here.

Q. We can go into them county by county, and let you find them on your map, and we can designate them as mountain and coastal. What I'm trying to do is save time, and to get you to admit that these are primarily the mountainous counties and the coastal counties of North Carolina.

A. I will admit to this, that they are mostly in the mountain section and in the coastal section.

Q. That's what I wanted, thank you.

A. I'm going to tell you that there are other sections involved, too.

Q. Of course there are; but not in the mountains entirely, and not entirely in the coastal section.

A. That's the impression you gave in your first question.

Q. I said primarily. Now, the biggest county you show on here, I believe, is Onslow County, is it not?

A. Yes, sir.

Q. Do you know where Onslow County is located?

A. Yes, I do.

Q. Is that down where Camp Lejeune is located; is it not?

A. That is correct.

Q. And the population figure 82,706, does that include the personnel stationed at Camp Lejeune?

A. I believe it does.

Q. About half of the population?

[fol. 507] A. I think it would go more than half, yes.

Q. The next largest county that you show would be, I suppose, Cleveland County, would it not?

A. 66,048.

Q. Now, that's the closest you have come; those two counties are as close as you come to a county the size of Durham, not having rail transportation, is that right?

A. I believe that's so.

Q. So, even in counting all the marines there are at Camp Lejeune, Durham is approximately a third larger than the next largest county, than the largest county on the list that you show without present rail transportation.

A. 111,995; and you said it's a third larger than what?

Q. Than the largest county you show that presently doesn't have any rail service. If you had rather give me an exact percentage, you may, of course, I'm just asking you for an approximation.

A. I'd say the nearest approach we have in population here to Durham County is Onslow County, and next would be Cleveland with 66,048; but the purpose of this is to

show that there is nothing unique about having a county that doesn't have any rail passenger service.

Q. Have you seen a county the size of Durham that doesn't have a rail passenger service?

A. My own county in Arlington, Virginia, has a population, in 1960, of 164,000; we don't have a single rail passenger station.

[fol. 508] Q. You don't have one in Arlington?

A. We don't have a rail passenger station in Arlington County.

Q. How far is that from Washington?

A. It's across the river from Washington.

Q. I mean in terms of miles.

A. Five miles; seven miles to the Alexandria station.

Q. That's about the same distance as across Durham?

A. I don't know how big Durham is, in square miles.

Q. As a matter of fact, that even used to be a part of the District of Columbia where that station was located in Arlington, isn't it?

A. What station?

Q. Your passenger station in Arlington.

A. We never had a passenger station in Arlington; Southern Railway never had one.

Q. They were always served out of Alexandria?

A. Alexandria and Washington, D. C.

Q. Incidentally, your counties are a little different in Virginia than North Carolina; you set up a city and draw a line around the city limits and that's a county, isn't it?

A. Now, wait a minute; now, if we are going to say things like that; I don't think that's quite neighborly.

Exam. Gibbons: I think we are going a little far afield, comparing counties in North Carolina and Virginia.

Mr. Burns: I agree. He was trying to talk about the [fol. 509] population of his county, when he means his city; that's what I was trying to bring out.

The Witness: What did you say?

By Mr. Burns:

Q. Now, do you know anything about the economy of any of these counties on your Exhibit H 13?

A. I don't see any reference to any of the counties' economy.

Q. I asked you if you know anything about it; if you don't, say you don't.

A. No, I don't.

Q. Have you made a computation to bring your little figures, you put in the record, up to date in line with Exhibit 4, that you brought in today, by Mr. Gleason?

A. I may have one here.

Q. If you haven't, it's all right; I just wondered if you had.

A. I have a computation, but it's not along the same line, because we didn't have a full year on it, just a five months.

Q. You didn't make any computations, I take it, using both passengers on and off at the stations in relation to the population?

A. No, sir.

Q. The people off, I take it, in your theory, do not use the train to the extent of the people getting on?

A. No, that isn't so.

Here is the theory I have about it now, Mr. Burns. Suppose someone travelling from Greensboro to Durham; now [fol. 510] that passenger would be given as a Greensboro person; anybody boarding a train out of Durham, going the other way, his fare would be collected, and he would be the fellow that would produce the revenue, when he got on the train.

Q. For example, I get on the Southern Railway train at Washington, D. C. and go to Durham; I'm not a Durham passenger, under your theory?

A. You paid your fare to Durham, and you were going to Durham, and you got off in Durham, you would be a Durham passenger.

Q. But I would not be shown on your figures?

A. For the purpose of such a computation as this, Washington, D. C. would be given credit. Mr. Gleason's Exhibit 24, all of the passengers who came north of Greensboro were given credit as Greensboro passengers, and all who went through Greensboro were given credit at whatever station they got on.

Q. Have you made a computation showing the total

Greensboro passengers in relation to Greensboro, or Guilford County?

A. Total Greensboro in relation to Guilford?

Q. That's right.

If you haven't, again, that's all right.

A. I'll give them to you. Counsel will probably want to shut me off here. Give in total; I can give it in detail; in Guilford County, the stations Gibsonville, McLeansville, and in 1959, Greensboro had 4,560 passengers; zero at McLeansville, Gibsonville, 37.

[fol. 511] Q. Is this passengers boarding the train at Greensboro, or boarding and getting off?

A. This is passengers given credit for boarding the train, under Mr. Gleason's calculation.

Q. I asked you about getting on and off at Greensboro, do you have that calculation?

A. Only on passengers.

Mr. Burns: That's all the questions I have, Mr. Bayliss.

Exam. Gibbons: Any further cross?

Mr. Jones: I would like to ask him one or two questions. I know it is time to quit, so I will be brief.

By Mr. Jones:

Q. Mr. Bayliss, you stated that Exhibit H 13, is an exhibit which shows that 50 out of a total of 100 counties in North Carolina, represented by a population of 1,315,235 people, have now no rail passenger service?

A. That is correct, sir.

Q. And if you take off these passenger trains that are involved in this hearing, that will add another 240,639 miles, would it not?

A. Miles?

Q. I mean population.

A. Yes, sir.

Q. So the total population then would be 1,555,874, that will have no rail passenger service. If you add those two figures up.

[fol. 512] A. If your figures are right, it will mean there will be that many people in those number of counties who don't have rail passenger service.

Q. That's right. And there will be an additional three

counties in the state to also add to the fifty which don't have anything now?

A. Yes, sir.

Q. That will make 53 counties out of the 100 without rail passenger service?

A. That is correct.

Q. Now, if you take these two trains off, running east and west, would there be any other rail passenger service in North Carolina, running east and west?

A. Yes, sir.

Q. Where?

A. In the upper edges of the state, we have a Seaboard,—

Q. Which is the upper edge you are talking about?

A. In the northeastern corner of the State; we have the Seaboard service to Portsmouth, Virginia.

Q. Where does it run?

A. From Norlina—you mean the points served?

Q. Yes.

A. Raleigh and Portsmouth; Raleigh, North Carolina and Portsmouth, Virginia.

Q. That's Seaboard?

A. Yes, sir.

[fol. 513] Q. It runs from Raleigh to Portsmouth?

A. Yes, sir.

Q. Is that the train that goes from Raleigh to New York? Seaboard Train?

A. I'm talking about going from Raleigh to Portsmouth.

Q. Direct from Raleigh to Portsmouth? Or does it branch off at Norlina?

A. At Norlina, or Weldon, North Carolina.

Q. In other words, that train you talk about running east and west, runs from Weldon to Portsmouth?

A. Yes, sir.

Q. And it branches off the main line and it runs from New York to, through Raleigh, on down to Florida, doesn't it?

A. The connecting train does. 17 and 18 connect with it.

Q. That's just a short distance, relatively; how far is it from Weldon to Portsmouth?

A. Well, from Norlina to Weldon is about 35 miles. And

then it's 18 miles to there, to the Virginia-North Carolina line; that's 53 miles.

That's 53 miles; east-west line would be left.

A. But its east and west.

Q. It runs east and west off the main line of the Seaboard from Weldon to Portsmouth, Virginia. Now, other than that, would there be any other east-west passenger line in the State of North Carolina?

[fol. 514] A. Yes, we have another line from Greensboro through Winston-Salem, to Asheville, and goes on over to Knoxville, Tennessee.

Q. That's the Southern that has that?

A. Southern Railway. And runs in a southerly-western direction.

Q. Goes from Greensboro?

A. To Winston-Salem to Asheville, and on over to Knoxville.

Q. So, if anybody wanted to go from Durham, North Carolina to Asheville via rail, and you take these two trains off, you would have to get to Greensboro by either car, bus, or airplane, or some other means of transportation, other than the rails?

A. Yes.

Q. And then at—Greensboro, I believe, is 53 miles or 56 miles away from Durham?

A. About 56.

Q. So in order for a person who lives in Durham, and who wanted to go from Durham to Asheville, or into Tennessee, by rail, the nearest point that he could make a rail connection to get on the train would be at a point 56 miles away?

A. That's true, but we found a long time ago that there wasn't a demand for that, when the North Carolina Utilities Commission permitted us to discontinue Trains 21 and 22 between Greensboro and Goldsboro, and they were the connecting trains for the western part of the State.

Q. At the time they gave you permission to knock that train off, you had two still running?

[fol. 515] A. That's correct, I believe.

Q. So other than the east-west train with the Seaboard that runs from Weldon to Portsmouth, Virginia, and the

Southern Train which goes from Greensboro to Winston-Salem—

A. Not from Weldon; from Raleigh to Portsmouth; you said from Weldon to Portsmouth. The train runs from Raleigh to Portsmouth.

Q. The train runs; you have to change from, or at Weldon, don't you?

A. No, sir.

Q. Is it a straight run from Raleigh to Portsmouth?

A. That's right. You get on there and don't change. You don't have to change.

Q. Other than those two trains, those are the only two that you know of that runs east and west through North Carolina, or in North Carolina?

A. No, there are more trains than that.

Q. I mean passenger trains?

A. We have a number of trains on the line between Greensboro, Winston-Salem, and Asheville.

Q. How many trains do you have running from Greensboro to Asheville?

A. Two. In each direction; but you referred to that train; there are actually two of them.

Q. You have two?

[fol. 516] A. Yes, sir.

Q. They begin at Greensboro and go west?

A. Right.

Q. If you take these two off, then your trains will all stop at Greensboro, and not come any further east; passenger trains?

A. The two we have here, there are two in each direction; and two from Greensboro to Asheville; there are two in each direction; there are four trains over there.

Q. If you take these two off, you are talking about here, you won't have any passenger train that comes east of Greensboro, will you? That's not difficult to answer, is it?

A. You don't mind if I take my time to answer it, do you?

Q. Go ahead; take all day if you want.

A. We will have a train that operates east of Greensboro that will be north and south; Reidsville, North Carolina is just east of Greensboro.

Q. Where is Reidsville?

A. Northeast of Greensboro.

Q. If you drew a straight line from north to south through Greensboro, how many degrees east of Greensboro would you say Reidsville is?

A. I don't know how many degrees it is.

Q. About three degrees?

A. I don't know how many degrees. I said it is—

[fol. 517] Q. It is almost due north, isn't it? I say, it is almost due north, isn't it?

A. No, it's northeast.

Q. It's northeast; but by a very small fraction.

A. It is still east of Greensboro, and that's the question you asked me.

Q. I asked you how many degrees; you said you didn't know.

A. I don't know the degrees.

Mr. Bryson: May I ask the witness one question?

Exam. Gibbons: Yes, sir.

By Mr. Bryson:

Q. I believe, Mr. Bayliss, the City of Durham shows that Durham has a population in excess of 70,000 people?

A. Yes, sir.

Q. Hasn't it already been established that—

A. I have the 1960 population.

Q. We will say 78,000 people; will you accept that subject to check?

A. No, I'll just tell you right now. 78,302.

Q. 78,302; I believe you testified at the hearing before the Utilities Commission that you can only recall five cities in the United States with populations in excess of 70,000 people that did not have a rail passenger transportation; isn't that true?

A. I didn't testify to any such thing before the Commission.

Q. Well, one of the railroad companies, one witness did; [fol. 518] did you hear that testimony?

A. I believe Mr. Beck gave testimony on that, but I didn't.

Mr. Bryson: All right, sir.

Exam. Gibbons: Any further cross?

(No response.)

Exam. Gibbons: The witness may be excused.

[fol. 519]

Thursday, July 13, 1961

Mr. Burns: Through the courtesy of the railroad, we would like at this time to call Dr. Thomas E. Powell, and ask that he be sworn; he has not been sworn.

Exam. Gibbons: You have this one witness?

Mr. Burns: He is from Elon College, North Carolina, and here on another matter; we would like to have him on now.

DR. T. E. POWELL was duly sworn and testified as follows:

Direct examination.

By Mr. Burns:

Q. Dr. Powell, where do you live?

A. Elon College, North Carolina.

Q. Do you want to move your seat over to the side, perhaps the Examiner can hear you a little better.

Exam. Gibbons: Dr. Powell's full name?

[fol. 520] The Witness: Thomas Edward Powell, Jr., Elon College, North Carolina.

By Mr. Burns:

Q. Are you in business at Elon College?

A. Yes, sir.

Q. What type of business do you engage in?

A. We operate the Carolina Biological Supply Company at Elon College.

Q. What type of business is that?

A. That is a biological supply business, dealing with

educational institutions throughout America, and many foreign countries, too. It has to do with the colleges, the universities, the high schools, the medical schools, the nursing schools, or any educational unit in the country teaching Biology.

Q. Would you say that your primary business was the preparation and distribution of materials to be used in teaching Biology, and related subjects, at various educational institutions?

A. That is the entire business, yes, sir.

Q. Would you describe, generally, where your various customers are located?

A. There are about 1900 colleges and universities in America, and those are our customers. In every institution in the entire United States, those are the colleges and universities, and I have no way of knowing how many high schools, but every high school that teaches Biology in the [fol. 521] entire United States is an immediate customer of ours; in addition to this, we ship to foreign countries, such as Lebanon, England, and Germany, and some to Formosa, and places like that. We have a foreign shipment, too, which is growing every year.

Q. Is the market of your company outside the State of North Carolina more important than the market inside the state?

A. Oh, yes, much more so. There are fifty states, and North Carolina is but one of those fifty states; but percentage-wise, maybe a little more in North Carolina, but there are some other states, such as California, that purchase just about as much.

Q. In getting your materials to you, to be processed, to be shipped back out again, and then, again in shipping the product back out, what method of transportation brings you your supplies, and what method do you use in sending them back out again?

A. Well, the proposition that we have here, if I qualify my statement here by saying this, that we have a lot of live material that comes to us. And if that live material is delayed in transit, even as much as six hours at times, it will come in dead. And once an animal is dead, it is no good for our purposes; it must be, it must reach us in a living state.

And so, we have been customarily using express, until the service keeps on going down; and as it goes down, we have been forced to try to use some substitute; but through the years, we have customarily used express.

Q. Would you give us some idea, the nature and extent [fol. 522] of your company's shipments by railway express?

A. By Railway Express, as of the present time, if I may refer to the sheet I have here. It's a total of 25% gross, at the present time. We use parcel post; a lot of our living cultures go by parcel post, which is also handled by your railroad train; so I don't know how to break down as between parcel post and express, but they are both together; but numerous shipments that we have, things like living cultures that the schools must have at a given date; say, they have a class at ten o'clock on Monday morning, and we've got to get it there to be in his hands at that time. Now, if it comes at two o'clock or eleven o'clock, it's no good; he has to have it for that class; and so we have to try to calculate the time interval involved and if it comes on Saturday, it's too early; so we are in a critical situation that we have to try to attempt to put it there; otherwise, it's a wash-out.

Q. You mentioned receiving living matter; do you also ship living matter?

A. Yes, we do; we receive and ship living materials. And the larger forms of material, living materials, are coming to us now by express; such things as frogs, and items like that; alligators, and various things that these people use in the courses of instruction in Biology.

Q. Are there some materials that you both receive and ship that cannot be sent through parcel post because of [fol. 523] postal regulations?

A. There are; and there is no substitute on it, if I might say; and I don't know what the ultimate; if the express is knocked out, for instance, we don't know what we are going to do. We haven't solved it because you can't put it in an airplane and send it up. A number of our items cannot undergo the high elevation that the lack of pressure that they get in these airplanes. Of course, in the cabin part

of the plane, it is controlled, but back there where the shipments go they don't usually do that; and the colder the atmosphere, and the pressure, just knocks it out, so you can't do it anyway. We have some cultures such as *Momone*, which is a genetic thing, and the Government's working in genetics, and they use this as a research proposition; we furnish this by air, for instance, and the rarified atmosphere would change the genes and the chromosomes to a point that when they got it, it didn't react properly, so we were forced to either resort to Express or Parcel Post.

Q. Would you tell me some idea of the poundage and dollar value which your company ships during, say, the last year?

A. I have before me here a sheet worked up by Mr. Elders, who is our controller; he went to the trouble to work this out by the month, the number of shipments here, and our fiscal year starts June 1st, and runs through May 31st; and for the past year, ending June 1, of this year; or May 31st of this year, we have 562 incoming shipments, and [fol. 524] we had 5,709 outgoing shipments, giving a total of 6,274 shipments by Railway Express in that year's time. The total poundage of those various shipments came to 324,683 pounds. The total value of those shipments, money-wise, came to \$610,278.76.

Now, this figure is not correct, but we have express charges that we pay, that much of it is all right. We pay \$28,018.85 on the shipments, but that does not represent the total figure, because the shipments that are prepaid to us would not be included, and a number of them come to us prepaid. And our terms are FOB Elon College, North Carolina, which means shipments going to us from the customer is paid by the customer on the other end. We don't have that figure; so it certainly would be more than twice this revenue, something between \$50,000 and \$75,000 in revenue on these various shipments.

Q. Now, you mentioned air service a moment ago.

Mr. Burns: I have a copy that Dr. Powell gave me.

The Witness: How is that, sir?

Mr. Burns: You mentioned air as a possible substitute a moment ago, and I believe you said that some of the substances which you ship simply could not be shipped by air, is that substantially correct?

A. That's right, under the present setup that they have.

Q. What about the possibility of truck service in lieu of rail service?

[fol. 525] A. Well, when we went to Elon College and opened this place up, we had five trains each way each day, and as a young fellow of 24 or 25 years old, going in business, it seemed reasonable to set up there at Elon College, and that we would be taken care of. It was a place we had five trains each way each day, so we thought that was safe; so, we started in business, thinking that we would be taken care of; so, year by year, as the years have passed, the railway came to us, Mr. Shiu is a good friend of mine and all, we are friends, and come in and horse-traded with us. "Now, if we get rid of this one train, you have got four left, is that satisfactory?" Fine; we go along with that. "Take off one more, you have got three left;" Fine, we go along with that. "Take off one more now, and you have got two left," we can handle it, that's fine; "Take off one more now, and you have still got one left." We began to back up on that one, but we finally agreed to go along with that one.

Now they come by and want to take that one off, and what does he say? "You have got a truck, the truck's going to take care of you, they put the trucks in." Well, we don't buy that; and the reason is this; trucks coming from Greensboro to our place, it is not but 17 miles, they can bring it in from Greensboro, we are not quibbling over that situation too much; but where the thing works in practice is this; we have been working under it now for a few months, and the train used to get there between 7 and 8 o'clock in the morning, every morning it came in. Now the [fol. 526] truck comes about nine or 10 o'clock, so when the train came from 7 to 8, our boys could go to work on this material, and these living things, and they could get the processing done right away; but when a truck is delayed,

and sometimes it is eleven or eleven-thirty before everything gets there, and maybe it is two o'clock before we can get it from the Express office over there, the day is shot so far as that day is concerned; it delays it.

Now, there is another angle to it, down here in eastern North Carolina, around Nag's Head and that section, we purchase from one man down there all the yellow perch that he produces. Our place is his market on yellow perch. Now, the question is, how are you going to get yellow perch from Nag's Head to us at Elon College? What they have been doing is run a truck from Nag's Head up to Norfolk, and put that fish then on express in Norfolk, and the thing would come around by Lynchburg or some kind of way, and get down here, and we get them the next morning at 7 or 8 o'clock. Well, that wasn't too bad. But this past year, something has happened, and we can't get the fish, and when they come in, there may be a large percentage of these things spoiled; it is too bad; so, the thing that is worrying us more than anything else is not this particular place that is between us and Greensboro, it is between us and Nag's Head and other places where the trucks just don't work; then there is another thing about the truck; we had a snow last year, two or three days run- [fol. 527] ning, and the trucks didn't come during that period of time. Well, we were just lucky; we didn't happen to have a shipment at that particular time; but next year we might; we could easily have \$2500 worth of necturus shipped out and piled up at Greensboro somewhere in snow, and if the trucks don't come for two or three days, they are all dead, and that is what I fear about this proposition; and it is already working in that direction.

Now, we haven't any complaint about the local people handling it; they are handling it to the best advantage; our complaint is that the trucks and these substitutes are slowing up the service which they promised us to start with, and which we feel that they have obligation to continue on, because we have an investment of a million dollars that we put there, and why did we put it there? Because we felt we could get service; and, now, that is an implied obligation, to provide the service, and they are taking it all away

from us; and we are stuck; if we had the money we would put it somewhere else; frankly speaking, that is the Sahara of North Carolina, that's between here and Greensboro; and we are near about in the middle of it.

Mr. Burns: That's all the questions I have of Dr. Powell. Did you have anything else you would like to say?

The Witness: I would just like to say in general here that we have a very special large proposition up here. There are only three in the United States of quality, and [fol. 528] we are the lone one in the entire south. And we are proud of the work which we are doing; if you ask us our classification, I don't know; nobody has ever classified us; the Federal Government was trying to check us up about the Taft-Hartley law; we sold \$10,000 worth; to the Federal Government that means that they have to check us so far as health and all that, this and the other goes; and they wanted to know about our classification. Well, nobody has ever written a classification; we are not an educational institution, and yet we don't pretend to be a business organization, either; we are somewhere in the netherlands between these two; that is, we are a professional organization. We have more professional people on our staff as a general thing than you are going to find in a Biology Department in the country, anywhere in the south in the various institutions; we have to have them, because our customers are Yale, Harvard, and the University of Illinois, Purdue, and places like that, the University of California, and if our boys don't know the answers to these things, they can't compete with the biological professors; so we are forced to go into the biology end, whether we want to or whether we don't.

Now, we are proud of this situation up there, and we don't want anything to happen to put a stumbling block between us and our customers which are scattered all over the country.

Now, these people here, the Southern Railway, we understand their problems, and we don't want to put a stumbling [fol. 529] block in their way either; but nevertheless, a business is operated on a cooperative situation. These things have to mesh, and we do a lot of intangible work, we do a lot

of work that is not necessary, so far as making money is concerned we don't make money on them; we do it to help that fellow out there; and we are proud of this work, and we want it to go ahead, and let us blossom.

Now, as a hedge on this situation, as a hedge on what is developing here, I have been through this proposition, we are building in Portland, Oregon, because we realize that these factors that we have talked about are going to pinch us down to the point that maybe we will go broke where we are; so we are starting up there, and the first question we ask when we go out there is, "What kind of a distribution center do you have?" and if he said he didn't have trains and express, we didn't consider it any further than just right there.

So I don't know, we are doing a good job here, we are the leader in the south, so far as biological supply business is concerned, there is not another one in our field and we are proud of the work; we are happy in what we are doing and we want it to continue. We are proud of North Carolina, and we are proud of the people that live here. Just don't fix it so we can't stay here. I hate to leave North Carolina.

Mr. Burns: That's all the questions I have.

Exam. Gibbons: Cross examination.

[fol. 530]

Cross examination.

By Mr. Eisenhart:

Q. Dr. Powell, when did you say you located your business at Elon College?

A. I was a college professor up there in 1920, and the idea of this business started about 1927, so being a college professor, I wasn't rolling in wealth up there, and the thing kind of started, we played it by ear as we could, and we set the year of 1927 as the year of the beginning; however, we didn't go into full force then; but that's the Alpha year, so far as the beginning year with us. It was 1927; but it didn't amount to much then.

Q. You said something in your testimony about using Railway Express, I believe, for 25% of your gross.

A. 25% of the total, that shows in this figure here.

Q. The total of what, Dr. Powell, of your production?

A. Shipments.

Q. 25% of your shipments go by Railway Express?

A. That's right, volumewise.

Q. How does the other 75% move?

A. I don't have those figures here, but I would guess that about the same volume goes by Parcel Post, so Express and Parcel Post, this is a guess, since I didn't work the figures up, and didn't realize they would be asked, but that's about half of it, and the other half goes by railroad freight, carload shipments, LCL, about 25% of them; 20 or 25 per cent of them; and the remainder goes by truck, [fol. 531] that's about the way it is broken up.

Q. What kind of truck, is that common carrier trucks?

A. Yes, common carrier trucks.

Q. By this 25% of gross that goes by Railway Express, I take it that you mean the, what used to be the Railway Express Agency, and what is now called REA, Inc.?

A. Yes. By whatever term you call it, it is the express hauled by the railroad.

Q. So that doesn't necessarily mean that 25 per cent of your gross moves on express by railroad, does it?

A. It means that the railroad originally hauled it; I don't know how they are doing it now, but it is turned over to them, whichever way they want to, it goes through them as an agent.

Q. What is your shipping point?

A. The shipping point is Burlington.

Q. Do you know that the Railway Express, when you turn it over to them, is now handling your traffic by truck, by Railway Express or by the REA truck, from Burlington to Greensboro?

A. I have been informed of that. I am not as close to all these things as I once was, when the company was smaller than it is now, and we have a regular shipping department, and they handle that. But I have been advised by them, by the grapevine, that there is a truck that runs from Burlington and comes to our place and picks it up, I'll say

that. And then they take it to Burlington, I reckon; I don't know whether they take it to Burlington, or right on to [fol. 532] Greensboro; but anyhow, that end of it, as I understand, is being handled by truck; but that is their business, and how they work it we don't question; and we have no complaint on that end, so far as the individual is concerned.

Q. Do you know, Dr. Powell, how your parcel post is handled, what mode of transportation is used when you put your product in the mail?

A. Parcel post is handled the same way.

Q. By truck?

A. By truck I think, yes.

Mr. Eisenhart; Thank you, sir.

Exam. Gibbons: You were referring to your outbound shipments, or were you referring to both inbound and outbound shipments by truck?

The Witness: You mean to us?

Exam. Gibbons: Yes.

The Witness: As it stands right now, I think that the truck brings it from Greensboro down there.

Exam. Gibbons: From Greensboro to Burlington?

The Witness: These people could answer that, whether the truck stops before it gets to Burlington and comes back to us; but at any rate, we have a long-term proposition with the express company, to pick up and deliver the express to our dock from Burlington, so it is handled through the Burlington agent.

[fol. 533] Exam. Gibbons: Is that service that you are now receiving both with regard to inbound and outbound shipments, is that service satisfactory?

The Witness: It is satisfactory as far as the individuals are concerned, they are very efficient and cooperative, they do the best they can; but the point that we are making here, is that these trucks, they handle it between us and Greensboro, that's a short run; but like from Nag's Head, it is being delayed for some reason, and we assume that it is the trucks that is delaying it between us and Nag's Head, those shipments like that; and the more trucks go in it, on the long-haul situation, the more delay we get; and we are

just afraid that this thing here is a foothold in the door that the trucks are going to go everywhere, and if they do, we are stuck.

Exam. Gibbons: No further questions, Dr. Powell. You may be excused.

Mr. Burns: Gentlemen, do you require Dr. Powell's presence further?

Mr. Dixon: No, sir.

(Witness excused.)

Exam. Gibbons: Call your next witness.

Mr. Dixon: Mr. Beck.

DAVIS H. BECK was duly sworn and testified as follows:

Direct examination.

[fol. 534] By Mr. Dixon:

Q. Please be seated and state your name, address and occupation.

A. Davis H. Beck, Washington, D. C., Passenger Traffic Manager, sir.

Q. Would you briefly describe your railroad background?

A. Yes, I have been with the railroads a little over fifty years, the last 36 with the Southern, mostly in the passenger department.

Q. Now, Mr. Beck, I understand that you have a statement dealing with passenger traffic that you want to present in this proceeding?

A. Yes, sir.

Q. Would you just go ahead and do so?

A. My name is Davis H. Beck. I am passenger traffic manager—

Q. I think, Mr. Beck, you can just start with the second paragraph of this statement, because we pretty well covered the first one.

A. If the Commission authorizes the discontinuance of Trains Nos. 13 and 16, it will be the purpose of Southern to discontinue the operation of the sleeping car between

Raleigh and New York. This car is presently handled north of Greensboro in Trains Sou 38-PRR 118 Northbound and in Trains PRR 171-Sou 29 Southbound. There is adequate sleeping car space on these trains to take care of the passengers now using the Raleigh-New York car. In addition, Southern operates Trains 34 and 48 northbound, and trains [fol. 535] 33, 37 and 47 southbound, all of which have sleeping car space available from or to Greensboro.

It is my considered opinion that if Trains Nos. 13 and 16 are discontinued, Southern will retain most of the traffic now moving to and from points on the Greensboro-Goldsboro line as far east as Mebane—a rail distance from Greensboro of 31.7 miles. In other words, I believe that traffic to and from this area will continue to use our main line trains by driving or taking the bus to and from Greensboro.

For many years Southern maintained a passenger traffic office at Raleigh. This office was staffed with five employees headed up by an assistant general passenger agent and two city passenger agents who concentrated on soliciting passenger traffic in the area between Raleigh and Burlington. These employees also worked the territory east of Raleigh although Southern has never been much of a factor in the passenger business to and from points in the latter area because of the proximity of main line service by other railroads. With the diversion of rail passenger traffic to other modes, the size of our Raleigh office had to be gradually reduced until March 1, 1957, when it was closed due to lack of passenger travel and prospects on the Greensboro-Goldsboro line.

During the time our Raleigh office was open our people intensively solicited the schools and colleges in this area and organized group travel, as well as individual travel [fol. 536] In earlier days there was a substantial amount of organized group travel by the Rotaries, Lions, Kiwanis, schools, scouts, etc. Practically all of this travel has now disappeared from the rails. Today we do occasionally handle small groups of elementary school children, most of whom travel on half fares for very short distances in Spring and early summer. A group of these children may take the train twenty-five miles or so in the morning, and

return by bus or private automobile later in the day. Some of this travel takes place on Trains Nos. 13 and 16, but unfortunately not in such volume as to sustain the operation of these trains.

Southern has done a substantial amount of advertising in an effort to generate additional passenger travel, but this effort has been of little or no avail, particularly on branch lines where the traffic density has continued to decline year after year. That has been the situation on the Greensboro-Goldsboro line, as well as on other lines of Southern Railway System.

For example, due to lack of business Southern no longer provides any passenger service on the St. Louis Division between Louisville, Kentucky, and St. Louis, Missouri, notwithstanding the fact that St. Louis is the largest city on the Southern Railway System. Southern is a Virginia corporation and its corporate headquarters is located in Richmond, Virginia. At one time we operated four pairs of trains between Richmond and Danville, Virginia. Today we operate none—the Corporation Commission of Virginia having authorized discontinuance of all passenger service [fol. 537] due to lack of business. We have no passenger service between the important cities of Birmingham and Mobile, Alabama, the last passenger trains on this line having been discontinued several years ago because of lack of business.

In 1957, the Georgia Public Service Commission denied our application to discontinue the operation of trains Nos. 26 and 27 between Macon and Brunswick, Georgia, a distance of 187 miles, which is somewhat similar to the Greensboro-Goldsboro line. In denying the application the Georgia Commission suggested that we put on new equipment, eliminate unnecessary stops, establish very low incentive round-trip fares for an experimental period of six months, and engage in a vigorous program of advertising. Although our experience elsewhere had indicated that the operating results of these trains would not improve, Southern went ahead at a substantial expense and carried out the program in full to satisfy the Georgia Commission.

Mr. Burns: Mr. Examiner, I am going to object to this, because it has no grounds in this case whatsoever.

Exam. Gibbons: Are you objecting to what the Georgia Commission—

Mr. Burns: I think all of the testimony about what other Commissions have done is completely irrelevant, primarily for this purpose, for this reason, I should say, we have no way of cross examining the witness, because we don't know anything about what the Georgia Commission did in [fol. 538] 1957, or what the Virginia Corporation Commission did, or what somebody did from St. Louis or Louisville, or what the reasons were. It may very well be that they were absolutely justified, and I assume they were, in taking off every one of those trains; and I assume that because they were allowed to take them off; but that has nothing to do with the present situation.

Exam. Gibbons: Just a moment. I would like to read this portion here on Page 3.

Mr. Dixon: Sir, I would like to say a few words, when you have read it.

Exam. Gibbons: Do you have some comment at this time, Mr. Dixon?

Mr. Dixon: Yes, Your Honor, I simply wanted to say that the railroad especially in a matter before the Interstate Commerce Commission, regards this passenger deficit problem as a regional or national problem, rather than as a state problem, or a problem confined to a single-line railroad. Our experience has been that this problem follows a set pattern, and we are offering to show here that after making four or five improvements as suggested by the Georgia Public Service Commission on a similar line, that the traffic instead of increasing continued to decline. It seems to me that it is germane to this case, especially since the witness has said that the two lines are similar.

Mr. Burns: The witness didn't testify that the lines were [fol. 539] similar in the first place, except in distance; the second thing that I would like to say to that is that I don't think anybody here has suggested a low incentive rate; in the third place what we have suggested was improvement in the basic service; and in the fourth place, if the witness is permitted to testify, I think we ought to be able to cross examine him on the basis of the success of trains in and

around the Chicago area, where these various things have been tried.

Exam. Gibbons: Where, sir?

Mr. Burns: Chicago, sir. And Northwestern is operating commuter trains on a very substantial and successful basis, as you well know, I am sure.

Exam. Gibbons: Did the North Carolina Utilities Commission suggest any changes in the operation of these two carriers, these two trains, insofar as equipment and schedules are concerned?

Mr. Burns: A suggestion made by the Supreme Court of North Carolina, and I quote; on 254 NC on Page 85: "In the event, should Southern petition for authority in the basis of its experience in subsequent operations, it would seem appropriate that it first take all reasonable steps to publicize and improve the service rendered by these trains."

Now, that was the suggestion made by the Court. I don't think there is any suggestion of reducing round-trip fares or anything like that. We do think they ought to tell the public when the trains run, and not keep them from finding out.

[fol. 540] Mr. Dixon: Mr. Examiner, it seems to us that it is not only a question of what the North Carolina Utilities Commission suggested, or what the Supreme Court of North Carolina suggested, but it is what the protestants are suggesting throughout this entire proceeding, which began before the Utilities Commission some two years ago, and they charge us with a lack of advertising, and a lack of dining car service, and a lack of this, that, and the other; and we are trying to show you that we have been through all of that on a similar line in Georgia, and it didn't get us to first base.

Exam. Gibbons: I am going to overrule the objection, and permit the witness to testify.

Mr. Bryant: May we let the record show that we move specifically to exclude the last two paragraphs of the witness' statement?

Exam. Gibbons: That is the same as the objection. The motion to strike will be denied.

Mr. Bryant: I thought it would be advisable to be specific.

Exam. Gibbons: All right.

The Witness: I will start reading again. In 1957, the Georgia Public Service Commission denied our application to discontinue the operation of Trains Nos. 26 and 27 between Macon and Brunswick, Georgia, a distance of 187 miles, which is somewhat similar to the Greensboro-Goldsboro line. In denying the application the Georgia Commission suggested that we put on new equipment, eliminate [fol. 541] unnecessary stops, establish very low incentive round-trip fares for an experimental period of six months, and engage in a vigorous program of advertising. Although our experience elsewhere had indicated that the operating results of these trains would not improve, Southern went ahead at substantial expense and carried out the program in full to satisfy the Georgia Commission. The result was exactly as Southern had predicted, namely, traffic continued to decline on the trains after the improvements in service were made and the reduced fares had become effective, so that at the end of the experimental period the Georgia Commission authorized discontinuance of the trains forthwith. I mention this example to illustrate a pattern which exists over the entire railroad of some 8,000 miles, and particularly over the branch lines. With improved highways such as are being constructed right here in North Carolina today, it is my considered opinion—

Mr. Burns: Objection, on the grounds that the witness has not laid any foundation for making any such statement.

Exam. Gibbons: What are you objecting to, the next statement?

Mr. Burns: Yes, the final sentence of his testimony.

Exam. Gibbons: I believe he indicated that he had fifty years of railroad experience.

Mr. Burns: He doesn't have fifty years of cleaning up railroad stations and things that are going to put people back on the trains; and I don't think he is qualified to give [fol. 542] an opinion until he says he knows this particular segment of the road; and then on the basis of his own personal knowledge of this segment of the road, the stations, the advertising, and everything else connected with these particular trains, and the conduct of the agents, of the stations, the availability of the agents for telephone calls, the availability of reservations, that this witness is in no

position to say anything that would be of interest in this case.

Now, he can talk all he wants to about passenger trains in other areas, and I don't care about that; but when he talks about this train, I think he ought to know what he is talking about before he expresses an opinion. If he restricts this answer to trains other than the one in question, I have no objection to it, to his answer.

Exam. Gibbons: Why is it that you object to him—

Mr. Burns: He hasn't testified that he has even seen the trains 13 and 16. I think he ought to have some knowledge of the trains before he testifies about them.

Exam. Gibbons: Do you want to qualify him further on this?

Mr. Dixon: Yes, sir.

By Mr. Dixon:

Q. Do you know anything about Trains 13 and 16?

A. Yes, sir.

Q. When did you ride them last?

A. Monday morning I rode Train 16.

Q. Are you going back on 13?

[fol. 543] A. Yes, sir.

Q. How many times have you ridden on those trains during your experience with Southern Railway?

A. I couldn't answer that definitely, I don't know, I would say maybe three or four times a year.

Q. Over a long period of years?

A. Over the last twenty-some-odd years.

Q. Do you—

A. Sometimes it is more frequently and sometimes less frequently.

Q. Do you keep in touch with the passenger service on these trains?

A. Yes.

Q. Do the solicitation of passengers or traffic on this line come into your jurisdiction?

A. Yes.

Q. How long did you have supervision over this line from a traffic passenger standpoint?

A. I have had partial supervision over this line for, since 1949.

Q. Have you or have you not seen the passenger traffic disappear from those trains over the years?

Mr. Burns: Objection. The facts speak for themselves. The record will show whether or not they have disappeared.

Exam. Gibbons: Objection sustained.

Mr. Dixon: I think he is sufficiently qualified.

Exam. Gibbons: I am going to overrule the previous [fol. 544] objection, on the witness expressing an opinion.

By Mr. Dixon:

Q. Proceed with the last sentence, Mr. Beck.

A. With improved highways which are being constructed right here in North Carolina today, it is my considered opinion, based on many years' experience in the passenger field, that the railroads have no chance whatever of attracting enough travel to make local passenger train service pay its way.

Q. You were in the courtroom yesterday, were you not?

A. Yes.

Q. Did you hear Mr. Burns suggest that we had cancelled the schedules of Trains 13 and 16; or had eliminated reference to the sleeping car from the official Railway Guide?

A. That's what I understood him to say, yes.

Q. Did you check that up last night?

A. I went to the station last night, and checked the June and July Official Railway Guide.

Q. And what did you find?

A. I found no change from the previous reference to the trains.

Q. The schedules of these trains are in the June and July Guides?

A. That's right.

Q. And does the Guide make reference to the sleeping car?

A. Yes.

Q. Now, is the company doing anything actively to promote on this line, just what do you do, you closed your Raleigh office because of lack of business?

[fol. 545] A. That's right.

Q. Is there any substitute for that? What do you do?

A. Well, we cover this territory from our Greensboro and Charlotte offices. When we feel there is any likelihood of any business materializing over here, our men come over here from Greensboro and Charlotte, as late as the fall, we heard about Duke being headed for the Cotton Bowl, so we figured that that was a good chance to pick up a special train, so we had our representatives get over here right away, and as a result we ran a special train from Durham to Dallas, Texas, for the Cotton Bowl game, carried 150-odd people. That's one example.

Q. Is that done—

A. Yes, whenever we feel that there is any chance of getting any business, we are right behind it.

Exam. Gibbons: What did you operate on that train, sleepers?

The Witness: All sleeping cars and a dining car. We ran a dining car to and from Durham.

By Mr. Dixon:

Q. Do you know how many sleeping cars there were?

A. I think there were ten, I am not positive. I think there were ten sleeping cars.

Q. And you only had 150 passengers?

A. That's right. We had ten cars; there may have been nine sleeping cars and a lounge car.

[fol. 546]. Exam. Gibbons: Proceed.

Mr. Dixon: That's all I have.

Cross examination.

By Mr. Burns:

Q. In connection with your checking of the Official Guide for June and July, did you happen to go back any time earlier than June?

A. No, there wasn't any available earlier, but I am going to. I am sure that I would have known about it, because people delight in telling you if you make a mistake; for

instance, in our last folder we left out the "C" out of Crescent. The following day I had about a dozen telephone calls about it.

Q. As I understand your testimony, you say that solicitation came under your supervision from 1949 until the present?

A. That's right.

Q. I believe in the last case, you said that you had placed one ad in newspapers in the area served by this train since 1951?

A. I don't know whether I testified that we had put one ad—did you say newspaper?

Q. Yes.

A. I showed you one piece of advertising that we had gotten out in 1951, which was the only piece of advertising I had. I still have that here, I believe.

Q. Have you placed any other ads since the last case in the newspapers?

[fol. 547] A. Yes.

Q. When was that?

A. We ran four advertisements in the Durham and Raleigh papers in 1960, four series.

Q. When?

A. In Durham, in the Herald Sun, on January 5 and 8, and in the Raleigh News and Observer-Times on the same dates. That one was an advertisement in connection with our new 8 A. M. arrival of the Crescent in New York, which gave through service for the Durham people and Raleigh people. Then on June 1st and 2nd, we ran another ad in those two papers I mentioned; "Who Says We Don't Want Passenger Business?"

And then on June 7 and 8, in both papers, and on June 21 and 22 in the Durham paper, we ran ads about big travel bargains, reduced fares which became effective the first of last June, fare and a half for the round trip.

Q. What is last June, is that '60 or '61?

A. That is '60.

Exam. Gibbons: All those dates that you have just referred to are 1960?

The Witness: Yes, all 1960; and we also ran an ad on the Duke Cotton Bowl train, and that was on December 11, 10 and 11, at Durham, and December 11 at Raleigh.

By Mr. Burns:

Q. You have also advertised in the Durham paper the success your stockholders had had, didn't you?

[fol. 548] A. Yes.

Q. Did you advertise in the Durham paper the success which the stockholders have had during the past year?

Mr. Dixon: I object to the question, it is not responsive and it is beyond the witness' field.

Mr. Burns: We will have a witness we will put in, so it doesn't make any difference. I will withdraw it, if he doesn't know; we will put it in ourselves.

By Mr. Burns:

Q. Since the time of this ad—strike that. Were you here yesterday when Mr. Gleason testified that the average passengers per trip had increased from something like 20 on these trains to something like 30, in the first few months of 1961?

A. Yes.

Q. Do you think that this advertising that you did helped bring about that 45 per cent increase?

A. No.

Q. You don't think that's what did it?

A. That was mostly elementary school children.

Q. You don't think that the advertising had anything to do with the school children getting on?

A. No.

Q. You think it had anything to do with the increase that you had in 1960 over the 1959, increase in passengers?

A. No; on this line?

[fol. 549] Q. Yes. You don't think that this had anything to do with the increase that you experienced?

A. Not with these elementary school children, no.

Q. The increase came about in spite of the advertising?

A. We just had a larger movement of school children, scouts, and clubs, and such like.

Q. You have some agents in Charlotte that you send down, for example, to Goldsboro, to determine when they need a train, is that right?

A. I didn't say we were, we sent anyone to Goldsboro; I said we sent a man over here. We do send them anywhere on the line, if there is a prospect of any travel.

Q. In other words, if somebody tells you that somebody is going to need some transportation, you will go get it?

A. That's right.

Q. If somebody doesn't tell you about it, you don't know about it?

A. We have ways of finding out about travel that moves.

Q. What are the ways you have of finding out about travel that moves?

A. For instance, we get a list of world convention dates; that list comes out every month; it is quite a voluminous pamphlet.

Q. Suppose you were to receive today an article such as you mentioned, saying that there is a world convention of the Lions Club in Chicago. What would you do as far as [fol. 550] going into this area to find out if people wanted to go?

A. That is the direct responsibility of our men at Greensboro and Winston-Salem and Charlotte.

Q. What would they do?

A. They would get in touch with the secretary or president, one of the officers.

Q. Of what?

A. Of the Lions Club, if it was the Lions Club.

Q. Where?

A. In any city.

Q. You mean they would go around calling up every Lions Club in the state?

A. That's right.

As a matter of fact, the Lions recently met at Atlantic City, and I think that was last month, in June, I believe I am right, and I know our Asheville man, a very prominent man in the club, he came over to Greensboro for a meeting.

He didn't wind up with too much business, but he made an effort to get some.

Q. I believe you also said that you have ridden this train three or four times a year for the past twenty years or so?

A. Yes.

Q. When have you ridden it, other than this trip to this hearing?

A. You mean here this year?

Q. Yes.

A. Let's see, I was down here in March, and then I think [fol. 551] in January, I am not positive about that.

Q. In connection with this proceeding before the State?

A. No.

Q. Did the various agents along the way know that you were going to come?

A. No, I don't tell them, not these agents at the station, no.

Q. Did you tell Mr. Shu?

A. No.

Q. You don't tell anybody?

A. No, I don't tell Mr. Shu, no, he is in a different department from me.

Q. You don't make a reservation, you just get on the train?

A. No, I just make my reservation at the ticket office. I don't conceal my trip, but I don't advertise it to every railroad employee.

Q. And this particular case, what suggestion has been made by the protestants insofar as new equipment that you should put on your line?

A. Well, I think we are carrying very fine equipment on this railroad, we have got one of the latest type sleeping cars over here, we have got a late coach, a first-class coach.

Q. Has anybody suggested that you ought to put on new equipment?

A. No.

Q. Has anybody suggested that you ought to eliminate unnecessary stops?

[fol. 552] A. No.

Q. Has anybody suggested that you ought to establish reduced round trip fares?

A. We have already done that. We didn't need anybody, we did that the first of last June.

Q. Has anybody suggested that in this case?

A. No, not to my knowledge.

Q. The round trip fares that were reduced on this line, were they any different than the round trip—

A. No, the same thing.

Q. You have heard, I take it, that we suggest that you ought to clean up the stations that you have?

A. I don't have anything to do with the stations.

Q. You don't?

A. No.

Q. Your testimony should be restricted to trains and not stations, is that correct?

A. Yes, I don't have anything to do with the ticket office.

Q. Who does that come under?

A. The operating department.

Q. Is there anybody here who would have that type of authority?

A. Yes.

Q. Who?

A. I believe Superintendent Shu.

Q. Your concern is strictly for the trains themselves?

[fol. 553] A. The passengers, yes. My job is strictly the solicitation and servicing of all the details in connection with controlling passenger traffic for our service.

Q. How about the comfort of the passengers on your train?

A. Oh, yes. I am interested in that.

Q. You have heard some mention of air-conditioning being broken on some of the cars, have you not?

A. I heard that gentleman yesterday mention that there was some trouble, and I have asked Washington to look into that.

Q. You didn't look into it yourself?

A. I didn't have an opportunity last night. The train had left here before I left the hearing room.

Q. Have you checked to see whether anything is broken down here at this station in connection with pre-cooling equipment?

A. I know that their facilities down there, that they have facilities down there for pre-cooling the equipment.

Q. Have you checked to see that the facilities are used, or are broken?

A. I checked Monday morning, yes, sir.

Q. Are they broken?

A. No, the facilities I saw were operating.

Q. There are broken facilities that are located where the trains are usually located, are there not?

A. I think so; but there is a place where a car can be parked.

Q. Where is that place?

[fol. 554] A. I don't know how to describe it.

Q. In relation to the front of the station?

A. It is almost in front of the station, on the second track, I believe, the second track from the platform.

Q. You do try to keep in touch with the ticket agents, I take it?

A. Yes; I try to keep in touch with our ticket agents.

Q. Has your company made plans to provide someone that can make return reservations at the Durham station at the time that these trains arrive?

A. I believe the ticket agent here does not come on duty until ten o'clock in the morning.

Q. In other words, he doesn't come on until after this train has come in from Greensboro and gone on to Goldsboro?

A. That's right.

Q. Have you made arrangements to provide some method by which the passengers from New York without return reservations can make those before he leaves the station, when he arrives in Durham?

A. If they would come in here on the train, and it gets in here on time at 7:55 in the morning, there would be nobody on duty at this station to make the reservations.

Q. So he would have to try to call up later?

A. That's right.

Q. I take it that the agent here also goes to lunch sometime?

[fol. 555] A. That I don't know. I believe the hours are from ten to six, but I am not positive, about that.

Q. The last case, there was some mention of the fact that you did take an hour for lunch, from say 12:30 to 1:30? That he did?

A. Could be, I don't know.

Q. If he does take a lunch hour, do you have anybody there who could make reservations, or handle phone calls?

A. I don't believe so.

Q. Other than the single agent you have in Durham, what other personnel can handle and make reservations in Durham?

A. We have a traffic office there.

Q. Where?

A. At Durham.

Q. What type of office?

A. Freight office.

Q. Is that at the Union Station?

A. No, it is at the freight station.

Q. Do you let the passengers who might use the train in Durham know that they are supposed to go to the freight station to get their tickets?

A. No, we maintain a ticket office which is open from ten to six, as I understand it, daily, at the passenger station.

Q. At any time when they can't get hold of the agent for any reason, at the Durham station, they would not know to call at the traffic office at your freight station, would they? [fol. 556]

A. I don't believe the average person would, no.

Q. Passengers spoke of going to the Sugar Bowl from Durham, Cotton Bowl, pardon me. I insulted Mr. Bryson from Duke University; in connection with the trip to the Cotton Bowl, that people who went to the Cotton Bowl--did any of the passengers that went on any of those trips end up in the figures that you show in regards to Trains 13 and 16?

A. No.

Q. Most of these special movements about which you speak are movements that are handled in separate cars, or separate trains?

A. If they require a special train, of course, the revenues will not be credited to 13 and 16. Of course if there is just one or two cars that are handled on the train, then of course the revenue would go to those trains.

Q. If Trains 13 and 16 are discontinued, would it be your intention as General Passenger Agent for Southern Railway Company to continue to try to obtain these special movements from Goldsboro, Durham and Raleigh, over this same segment of the line which is now used by Trains 13 and 16?

A. It would be, yes, we do it at other points on the railroad.

Q. You were the gentleman, I believe, that was asked about cities of approximately 80,000 in the United States without rail passenger service in the last case?

A. That's right.

[fol. 557] Q. I believe you testified as to Fall River and Bedford, Mass., Troy, New York, Summerville, Mass., and Santa Monica, California?

A. That's right.

Q. Any others?

A. I think the question was, How many above 70,000, 75,000; that's all that I know over 70,000.

Q. Have you attempted to put a coke machine in the Durham station?

A. No, not to my knowledge, I don't know, there may be, I don't know.

Q. A peanut machine?

A. Not to my knowledge, I had a cup of coffee there the other morning.

Q. Do you know whether or not Seaboard Air Line Railroad has a ticket agent in Durham, North Carolina?

A. They have a passenger representative there, I believe they do sell tickets.

Q. Do you know how many employees Seaboard maintains in Durham in connection with the passenger service?

A. No. There used to be just the one person.

Q. Do you know whether or not they have a telephone listed under Seaboard Air Line Railroad?

A. I believe they do.

Q. Do you know whether or not special arrangements are made by Seaboard to transport baggage to the Raleigh [fol. 558] station to catch a Seaboard train, from—

A. I didn't know that.

Q. Isn't it a fact that not all trains are losing money?

A. Well, all of our passenger trains are in the red, when you take into consideration the ICC formula.

Q. That does not necessarily reflect that the trains are operating in the red, and the formula itself might be wrong?

A. Most of our passenger trains are in the black when you take into the consideration the out-of-pocket costs.

Q. It is true that other railroads in the country, that they have trains that are operating at a substantial profit?

A. I suppose there are.

Q. And it is true that some of the so-called commuter trains are actually making a profit, is it not?

A. I don't think so, it may be, I don't think so. Not the commuters.

Q. Are you familiar with the Chicago situation I had reference to?

A. Not too familiar, no. You mean this commuter, no, I am not too familiar with that.

Q. You don't know whether the railroad there in Chicago is making a profit on the commuter system?

A. No, I don't.

Q. You said that you did close your office here in Raleigh in 1957, is that right?

[fol: 559] A. That's right.

Q. Since that time, you have not maintained a passenger agent in Raleigh?

A. That's correct.

Q. Prior to 1957, did you have an agent in Durham or Burlington or Goldsboro?

A. Not a passenger department representative, no.

Q. So you don't have any passenger department representative or you have not had any passenger department representative since 1957 at any of the stations on this route, except Greensboro?

A. That's correct.

Q. You mentioned school children in your prepared testimony on Page 2, and say that some of the children may take the train 25 miles or so in the morning, and return by bus or private automobile later in the day. One of the reasons why that is true, that they may take the bus or car back,

would be that you don't have rail facilities provided, is that not correct?

A. Unless they want to wait over for the return trip. Most of them don't want to do that.

Mr. Burns: That's all the questions I have of Mr. Beck.

By Mr. Bryant:

Q. Mr. Beck, you may have answered this question. I would like to know how long you have been the passenger traffic manager for the Southern Railway Company?

A. Since the first of July.

[fol. 560] Q. This year?

A. Yes.

Q. And prior to that time, were you the assistant passenger traffic manager?

A. Yes, for two or three years; and prior to that, I was general passenger agent.

Q. Maybe you can tell us, sir, when the Southern first determined it wanted to discontinue these passenger, these two passenger trains?

A. When did we first determine it?

Q. Yes.

A. I think it was in '58; '58, I believe, we filed application for discontinuance, I am not positive about that.

Q. I wasn't asking particularly about the date when you filed the application, but how long before that had it been when you reached, when Southern reached the conclusion that it wanted to discontinue Trains 13 and 16?

A. Well, in the passenger department I have felt that way for quite a long while, particularly since 1957, when we had to close our office here in Raleigh.

Q. You say you felt that way in the passenger department for quite a long while; how many years back could you date that? Prior to 1958, when you say you filed your first application?

A. Well, our traffic on this line started going down in 1946 and '47; it kept getting progressively worse.

[fol. 561] Q. Would you say that the Southern determined as far back as 1946 or '47 that it wanted to discontinue these operations, of Trains 13 and 16?

A. No, I wouldn't say that, no. I say I felt that way since 1957.

Q. How about the rest of the department, I am trying to find out when the Southern first determined when it would like to dispose, or discontinue these two trains.

A. I couldn't answer that.

Q. Prior to 1957?

A. I don't know. I am just telling you how I felt.

Q. Well, Mr. Beck, if you are connected with the passenger traffic department, did you have anything to do whatsoever with making the policies of the company?

A. No, sir.

Q. Or suggesting the policy of the company?

A. No, sir.

Q. But you would say that as long as four years ago, the Southern determined that it wanted to discontinue these two trains?

A. I would say that I in the passenger department felt that when we had to close our office here in 1957, because of lack of travel on this line, I felt myself that the trains, that was my personal opinion.

Q. After they reached the conclusion that they desired [fol. 562] to discontinue these trains, I ask you if you don't know as a fact that it has been quite difficult to obtain information in New York, Philadelphia, and other cities along the route of this Pullman car, about the fact that this Pullman car did come to Durham and serve Durham?

And also that there was a Pullman car that left Durham?

A. I don't see why there would be any difficulty; the Pennsylvania, of course, the operation is over their line, and they maintain offices at New York, Wilmington, Philadelphia, Trenton, and I have never had any complaint about people not being able to get information about our services.

Q. Let me ask you if it has not been brought to your attention numerous instances in which people in New York will give an erroneous piece of information to the effect that these Pullman cars did not operate into Durham and out of Durham?

A. I don't know that.

Q. I ask you also if there has not been brought to your attention, as a member of the passenger traffic department,

that people have been unable to make reservations on these cars in New York, Philadelphia, Washington, and other places?

A. The only thing I know of about it, is the newspaper clipping that was sent some time ago to our office, out of the Durham paper:

Q. Yes, sir.

A. I read that, and I asked the New York man what he [fol. 563] knew about it, and he said nobody up there had been giving any erroneous information.

Q. That was information to the effect, the erroneous information was given out about this service?

A. We had no knowledge of it.

Q. I am saying what you knew after you read the paper.

A. I saw this clipping.

Q. What did that say?

A. I don't remember, exactly.

Mr. Dixon: Mr. Examiner, I object to these newspaper clippings. It is all hearsay; if they have evidence of the facts, I think they ought to bring the witnesses in here and give us a chance to ask them a few questions. Who did they phone in New York; maybe it was the Santa Fe or the Lackawanna; I don't know.

Mr. Bryant: I am asking him what information he had about a matter which came under the jurisdiction of his department.

The Witness: This is the only information I had, the clipping out of the Durham paper.

By Mr. Bryant:

Q. You did have that information, did you not?

A. Yes. But I investigated, and found out that nobody knew anything about it.

Q. Do you mind if I see what you have reference to there?

A. Yes.

Mr. Burns: I believe the last page.

[fol. 564] By Mr. Bryant:

Q. Well, without stopping to go into this, do you object if we ask that this be marked, not as being offered, but identified?

Mr. Dixon: I certainly do object.

Exam. Gibbons: There has been an objection raised. I don't want to have a newspaper clipping in the record in this case. If the purpose of your inquiry is to elicit from the witness how information came to his attention, and if it did come to his attention through the newspaper medium, I think that type of inquiry can be made. I believe the witness has already indicated that the information did come to his attention through the newspaper; but as far as getting it into the record, I am not going to proceed to permit that.

Mr. Bryant: Very well, and thank you.

By Mr. Bryant:

Q. Then you did have information from what you had read that it was difficult to make such reservations on this train, did you not?

A. From this newspaper clipping.

Q. Now, Mr. Beck, if the Southern determined in 19— strike that question, please; do you know when the luncheon or food facilities were taken out of the Durham station?

A. I believe that was back in 1957, I am not positive, I think it was in 1957.

Q. So that just about was co-existent with the time that the Southern determined to try to eliminate these trains? [fol. 565] A. Not the Southern, I said that's when I formed that opinion. I didn't say the Southern.

Q. That happened about the same time that you formed the opinion that these trains ought to be eliminated, and since that time there has not been one facility of any kind for purchasing either food or drink at the Durham station, has there?

A. Not since that concession closed, whenever it was.

Q. And you think that was about '57?

A. That is my guess, yes.

Q. You told the Examiner a few moments ago that someone provided you at the Durham station with a cup of coffee. I don't know that that is particularly important, but I just want to clarify as to whether you purchased it from some facility at the station or whether it was given to you as an act of courtesy by someone?

A. Well, there was, I saw a couple of men standing around with a coffee pot in what used to be the old concession, and I said, "How do you go about getting a cup of coffee?" and they said, "Well, just put a quarter in there, and have a cup," so I dropped a quarter in this cup, and had myself a cup of coffee. I don't know who owned it or who provided it, or anything about it.

Q. You don't know whether that was provided by the employees for their own convenience?

[fol 566] A. I think maybe it was.

Q. Not for the public generally?

A. No.

Q. Has anything been done since the last hearing of this matter before the Commission to improve the equipment on the road?

A. No, we think we have got good equipment; we have got the very latest sleeping car operating on this run, the coaches are good coaches; we think the equipment of the trains are all right as they are.

Q. I ask you, Mr. Beck, if you do not know that the Southern, when this pre-cooling equipment broke here in Raleigh, if you did not decide and so announce to the employees that it did not intend to repair that equipment to make it effective?

A. I don't know anything about that. There is a facility down there that is operative.

Q. Mr. Beck, who holds the position corresponding to yours with reference to the freight traffic of the Southern; embracing this route from Greensboro to Goldsboro?

A. A man by the name of Shell; we have a man by the name of Shell in Raleigh, I believe it is Shell, and we have a man by the name of Elder in Durham.

Q. Do they hold positions comparable with yours now?

A. No.

Q. You are the passenger traffic manager?
[fol. 567] A. No, their position would not be comparable to mine.

Q. Who is the freight traffic manager?

A. They report to, I believe, the freight traffic manager at Greensboro.

Q. Who is that?

A. Mr. Bondaret.

Q. What I am trying to get at is this; who in your organization could tell us the comparative value of this route from Greensboro to Goldsboro as a producer of freight traffic, as compared to the rest of the Southern Railway Company line?

A. I don't know exactly. It would probably have to be someone in Washington.

Q. Is that where your office is?

A. My office is in Washington.

Q. Is your office in the Southern Railway Building in Washington?

A. Yes.

Q. You do not know who is in charge of the freight traffic for the Southern Railway?

A. Yes, Mr. W. M. King is our vice-president in charge of freight and passengers.

Q. Who is in charge of freight?

A. We have two representatives.

Q. What are their names, sir?

A. I gave you their names, Mr. Shell is here in Raleigh, [fol. 568] and Mr. Elder at Greensboro. Mr. M. H. Shell, he is the assistant freight agent, and he is charged with the solicitation of freight traffic in the Raleigh territory.

Mr. Elder, T. C. Elder, is division freight agent at Durham, and he is charged with the solicitation of freight in the Durham area.

Now, I believe both of those men, and I am not sure, I believe both of them report to Mr. Bondaret at Greensboro, but I am not certain about that.

Q. Who is the general freight traffic manager of the Southern Railway Company?

A. Mr. W. Mason King is vice-president of the traffic department of the Southern Railway.

Q. He is in Washington?

A. Yes.

Mr. Byrant: All right, thank you, that's all I have.

Mr. Bryson: Mr. Examiner, I don't want to prolong this too long, but I do want to ask Mr. Beck one or two questions.

By Mr. Bryson:

Q. Mr. Beck, in your statement I believe you said that your Raleigh office was closed as of March 1, 1957, and I believe you further stated that during that time and up until March 1, 1957, you intensively solicited the schools and colleges in this general area?

A. That's right.

Q. Could you tell me what intensive solicitation you did at the schools and colleges, and particularly on the campus [fol. 569] of Duke University during the year 1957?

A. Well, the office closed March 1, '57.

Q. It was open three months during that—

A. It was open two months, and the representative we had here was calling on the college.

Q. Do you know what he was doing with respect to solicitation in a specific manner? You said that they intensively solicited these schools?

A. That's right.

Q. What do you mean by intensively soliciting?

A. They called on them every time, for instance, Christmas vacation they would go over to the Dean's office and call on them, and in years gone by, many years ago, they used to set up an office. I don't recall which office.

Q. Do you know for a fact, Mr. Beck, that representatives of the Railroad Company were on the campus and in the Dean's office at vacation time?

A. Back years ago, yes.

Q. I am talking about now, say up until March 1, 1957?

A. Up to that time, yes, they were.

Q. They were?

A. Yes.

Q. Did you do anything other than at vacation time towards soliciting patronage on the campus of Duke or any other university?

[fol. 570] A. At the schools we would, first of all we would solicit the inbound movement.

Q. You solicited what?

A. The inbound movement of students when the colleges opened in the fall; we intensively solicited those.

Q. Why would you do that, Mr. Beck?

A. New York and Philadelphia—

Q. But students come from many other sections other than New York and Philadelphia, do they not?

A. That's right. But we had a great flow of travel from the east. We used to run two or three special trains down here. I have ridden them.

Q. Have you done anything since March 15, 1957, in the way of soliciting patronage from these schools and universities except when maybe we had a football game?

A. No, sir.

Q. Absolutely nothing?

A. That's right.

Q. Now, don't you know as a matter of fact, Mr. Beck, that at Duke University, at the University of North Carolina, and at North Carolina College, Duke University and North Carolina College being located in Durham, and the University of North Carolina being located at Chapel Hill, there is some 18 to 20 thousand students at those institutions?

A. I know they have quite a large enrollment.

[fol. 571] Q. Don't you know if you add the faculty and staff, that you have a population of some 20 to 25 thousand connected with those institutions?

A. Yes.

Q. And you are doing absolutely nothing at the present time to solicit that patronage, except when one of the institutions happens to go to a football game?

A. The reason we did is because we were not getting any traffic; they were all using their own private automobiles, forming car pools, very little travel—

Q. Isn't it a fact that you were making no effort to get it?

A. It wasn't worth while.

Q. Would you answer my question, you are not making any effort to get it right now, are you, and you haven't for several years, have you?

A. That's right, since 1957.

Q. And I believe you stated a few minutes ago that now your attitude toward the passenger traffic in this area is that only when there is likelihood of business, do you do any solicitation whatsoever?

A. That's right.

Q. That's correct, isn't it?

A. Yes. It is not worth our while, we can't justify it.

Exam. Gibbons: Do you solicit any of the Athletic Departments at the colleges?

[fol. 572] The Witness: Oh, yes.

Exam. Gibbons: Are you currently doing that?

The Witness: Yes.

Exam. Gibbons: How do the football teams of these various universities travel?

The Witness: They all fly.

Mr. Bryson: Would you talk a little louder? Excuse me, Mr. Examiner.

The Witness: He asked me how the football teams traveled.

Exam. Gibbons: How the football teams of these three colleges travel?

The Witness: By air.

Exam. Gibbons: And that movement to Dallas, that special movement, where you had 150 passengers, did that include the Duke football team?

The Witness: No, the Duke team flew down.

Exam. Gibbons: Just the spectators?

The Witness: Well, they were alumni, for the most part.

By Mr. Bryson:

Q. I will ask you if the Duke University band didn't patronize your train down there at that time?

A. Yes. They didn't take the whole unit, they took part of the band.

Mr. Bryson: I didn't mean to interrupt you, sir, go ahead.

By Mr. Bryson:

Q. The truth about the business is that this year, the first of the year came on, I think the game was played on [fol. 573] the second of January, was it not, Mr. Beck?

A. Yes, that was on Monday.

Q. School opened on the third?

A. That's right, I believe so, although I think they let them get back here on the fourth.

Q. I beg your pardon, sir, you are incorrect on your assumption on that; that was one of the reasons that we didn't have more students that went to the game, because of the opening of the school the next day after the football game.

Exam. Gibbons: Why would you carry nine or ten sleepers on that train?

The Witness: I said before I wasn't sure, I think we had nine sleeping cars and a lounge car and a dining car. It averaged a little bit better than, I believe, sixteen or seventeen people per car.

Exam. Gibbons: Is that capacity? For a sleeper? Or average?

The Witness: That's about average. If you can get a loading of 15 or 16 or 17 you have done pretty good. The capacity of our light-weight sleeping cars, you have a capacity of 22 if they are occupied double; otherwise you have 16.

Exam. Gibbons: You said the football teams do not patronize the railroads as a means of getting to and from games, is that what you said, is that your testimony?

The Witness: No, we are getting very little football traffic, very little of that; most of it is flying.

[fol. 574] Exam. Gibbons: Are you positive about that?

The Witness: Yes, sir, we have very little; I think we had a movement out of the University of Mississippi to Knoxville; I think that was the last one we had, two or three carloads; and then we had a movement from Knoxville to Lexington, Kentucky, but most of it is air.

Exam. Gibbons: It didn't affect this line?

The Witness: No.

Exam. Gibbons: Any further questions?

Mr. Graham: I would like to ask one or two questions.

By Mr. Graham:

Q. I was interested in your testimony a few moments ago to the effect that the advertising which appeared in Durham and Raleigh papers on two or three occasions during 1960, I believe you said there were two days in January, and two days in June, am I correct?

A. Two days in January, and two days in June, in both towns, that's with specific ads, and four days in June on another ad in Durham, and two days in Raleigh was a third ad.

Q. That was subsequent to the hearing which was held in 1959, here in Raleigh, on Southern's petition to discontinue Trains 16 and 13, which was heard before the North Carolina Utilities Commission, correct?

A. Yes.

Q. At that hearing, I believe you testified that so far as you could recall, Southern had advertised only once in the [fol. 575] Durham area, and I think that was 1951, and you had some folder or leaflet to that effect. Now, by the time that the advertisement was put in those papers in January and June of 1960, the decision had been made by Southern Railway at that time that as soon as it was permitted to do so, it was going to discontinue those trains, had it not?

A. That's right.

Q. What, then, was the purpose of the ad, Mr. Beck?

A. This first ad, we improved the schedule to New York, it got into New York at eight instead of nine; we wanted to tell the people in this territory about that improved service. That was the first ad. The second ad was our ad entitled, "Who says we don't want passenger business?"

We wanted to tell the people that story. The third ad was after we established, after we made this further reduction in fares on June 1, 1960; we wanted to tell them about that.

Q. Was it the purpose of those ads to try to increase the passenger use of those trains?

A. Yes, absolutely.

Q. Is it your position that by advertising of an isolated, spasmodic nature of that kind, that you could actually hope to build up passenger clientele?

A. We thought this would be helpful. We didn't feel that we could justify doing any more advertising, spending any more money over here.

[fol. 576] Q. I ask you, Mr. Beck, if the real purpose of those ads wasn't to put you in a position where you could testify, as you are this morning, that those ads were run?

A. No, sir.

Q. And at future hearings?

A. No, sir.

Q. That had nothing to do with it?

A. No, sir.

Q. Isn't it true, really, that the Southern is not interested in doing anything to increase passenger clientele or use of a particular line, once the determination has been made that that line has to go?

A. No, I wouldn't say that. Like on this line here, it has proven out that there is just no hope or prospect of improving our revenues on this line; for that reason we just don't feel like we can justify spending any more money, other than what we have spent.

Q. In other words, once the decision has been made, there is nothing that can come along to alter it, is that what it amounts to?

A. I wouldn't put it that way.

Mr. Graham: That's all, sir.

Mr. Bryant: I have one question, please.

By Mr. Bryant:

Q. Whose decision was it for the Southern not to protest the removal of the express from these trains?

[fol. 577] A. I don't know. I don't have anything to do with express.

Q. You do know that the Southern did not protest the removal of the mail or the express from these trains?

A. I didn't know that, no.

Mr. Bryant: All right.

A. I have nothing to do with the express.

By Mr. Burns:

Q. I have one question about a football game. In the last case there was evidence that the Army football team was going to use the train to Durham to play Duke University football?

A. They did and they had a good train.

Q. The only kind of game that the train could be used for would be games played in the Washington-New York area, is that right?

A. The only time trains could be used?

Q. That's right.

A. No, they would go anywhere.

Q. Could Trains 13 and 16 be used to get Duke to Columbia, South Carolina?

A. Not on a convenient schedule, no.

Q. Or Carolina to Columbia, South Carolina? To Atlanta, Georgia?

A. We could do Atlanta, yes.

Q. How about Florida?

A. No. Seaboard would be the logical way to go to Florida from here.

[fol. 578] Q. In other words, except for games in the Washington-New York area, it would be unlikely that the train could be used by those teams?

A. No, it is not unlikely, they could use them, we have got the service there, if people would use it we would take care of them.

Q. What kind of connections do you make with either of these trains for, say, Atlanta?

A. It gets into Greensboro, this train gets into Greensboro at 7:50 at night, Train No. 13, and the connection to

Atlanta goes out, No. 35, at 8:00; gets into Atlanta at 7:30 the next morning.

Q. In other words, the passengers would get there at 7:50? They would get into Greensboro at 7:50, and leave at 8:00; and of course they would have to get off the train, with all their baggage and football gear?

A. If there was enough of them, we would run a through car, and they wouldn't have to change.

Q. How about the places like UCLA in California, and places like that? Are the trains any use for getting to games in places like that?

A. I don't think the schools could spare that much time.

Mr. Burns: That's all the questions I have.

Mr. Jones: I would like to ask two or three questions, if I [fol. 579] might.

By Mr. Jones:

Q. Mr. Beck, I believe the Seaboard runs a north and south train that comes through Raleigh from the north down to Florida?

A. Yes.

Q. Do you know, is it not a fact that the Seaboard maintains a ticket agency or representative in Durham?

A. They did have a girl there, a girl representative there at Durham; I think she is still there.

Q. Still there, isn't she?

A. I think so, I am not sure.

Q. Although the Seaboard train doesn't run to Durham, they have a ticket representative in Durham?

A. That's right.

Q. Now, I believe you said that the only ticket agent or agency that you have after about six o'clock in the afternoon in Durham is the freight station man?

A. No, I didn't say the freight station man, I don't believe he—

Q. Well—

A. —he is not on duty after six o'clock.

Q. You don't have anybody, then, after six o'clock, do you?

A. Not to my knowledge.

Q. Now, let me ask you, Mr. Beck, about the procedure, or the custom; I don't know how it works; suppose for instance that I was in New York City, and I wanted to [fol. 580] come to Durham by train, by the Southern, and I went to the Pennsylvania station there, and I undertook to buy a ticket and make a reservation; the ticket agent there, I presume, would have a schedule or a certain time-table, and so forth, and he would be able to give me the information whether I could get on the train, whether or not there was train service to Durham?

A. That's right.

Q. How would he find out whether there was or was not train service by the Southern Railway to Durham, would that be through the activity of Southern Railway to post that station to that effect?

A. That railroad station, in New York, like every other railroad station, receives the Official Guide, which comes out monthly, and which contains a passenger timetable of all railroads throughout the United States. He has got that. In addition we furnish him with supplies of these timetable folders of ours, every issue.

Q. The specific point that I am concerned with is, as to the Southern operations, whether or not there is a train available to Durham, and whether or not there is a Pullman available to Durham. That information is furnished by Southern in the Official Guide, is it not?

A. Yes, we furnish the timetables to the Guide people. We furnish our timetables.

Q. And whatever, whenever there is a change made in [fol. 581] the Southern's operations, of course there is an amendment or change made in the official Guide and in the timetables which are furnished these stations?

A. That's right.

Q. They go by what you furnish them?

A. That's true.

Q. That's true, I believe you stated, of all these stations, New Orleans, for instance, Philadelphia, and so forth?

A. Yes.

Q. So if a person within the past six months was in New York City, a resident of the city of Durham, and he wanted to get a reservation back to the city of Durham, over the

Southern, and the ticket agent at the Pennsylvania Railroad advised him that there was no section or passenger service available, you would be surprised to hear that, wouldn't you?

A. -Very much so.

Q. And if this particular man told the passenger man in the station that he knew there was some kind of passenger service available, and he was going back to the hotel and whenever they found out they should or should not sell him a ticket, that he would stay at the hotel and just charge it to the railroad until he got a ticket, and about five hours later the railroad sent a messenger and told him that he could get the ticket, and he got it and came to Durham; you would be surprised to hear that tale, wouldn't you?
[fol. 582] A. Yes.

Q. If a person who lives in Durham, North Carolina, and who happened to be in New Orleans, wanted to come back to Durham, within the past five or six months, and was given about the same story in New Orleans about there being no trains, that would also surprise you, I take it?

A. Yes, sir.

Q. I know you make up your schedule and furnish it, and put it in this Guidebook, or whatever the publication is you just referred to, and make your timetables, and disseminate that around to the various stations, then what they do with it, I understand, you don't have anything to do with; in other words, this agent that I mentioned in the case in New York a while ago, he wouldn't be your employee?

A. That is Pennsylvania Railroad.

Q. That would be the same way down in New Orleans?

A. Well, we maintain a passenger representative there in New Orleans, and we maintain a passenger office in the New Orleans passenger station, it is upstairs, the ticket office in the Union Terminal there is a joint operation for all railroads.

Q. Do you have any way of checking what goes on at these stations?

A. Yes.

Q. That kind of information that is passed out?

A. Absolutely, our passenger representatives in that ter-

[fol. 583] ritory are continually moving around, talking to the local ticket agents, and by the same token, I get out too, as much as possible.

Q. Do you have any idea how it happened that that information, which happened, the same type of information, about the same time, in New Orleans and the one case in New York, and the other case about your train service—

Mr. Dixon: Mr. Examiner, it hasn't been proved in this record that it has happened yet, and I object to any further questioning along this line until witnesses are put on the stand, and proof—

Mr. Jones: If he doesn't know—

Exam. Gibbons: Just a moment. Does the witness know this to be a fact, do you agree with Mr. Jones?

The Witness: I am amazed to hear anything like that. It could be a mistake; they do happen, mistakes happen, but I am amazed to hear it, because we have got, the Pennsylvania Railroad's employees are a very competent staff at Penn Station, and most of them are seasoned employees, and the same is true in New Orleans. I just can't—

Mr. Jones: I was just wondering why these things happen, and how they happen, and whether you have any way of checking, to straighten them out.

Exam. Gibbons: Just a moment. There is an objection pending, and until such time as evidence of these two [fol. 584] occurrences have been placed into the record, I am going to sustain the objection. You can have an opportunity to put that in.

Mr. Burns: He will be available after we put on witnesses to testify about these incidents?

Mr. Jones: I think that's all I have.

Mr. Bryant: I apologize, I would like to ask one more question.

By Mr. Bryant:

Q. You said that you had closed your passenger travel office in Greensboro, Goldsboro, line, in Raleigh in 1957. Was the date of that March 1, 1957?

A. Yes.

Q. I believe you said when that was closed you had

definitely determined that these two passenger trains ought to be discontinued?

A. I determined that in my own mind.

Q. And Mr. Beck, is it not a fact that from that time on, the Southern has done everything possible to try to wean the public from the use of these two trains, 13 and 16?

A. I don't agree with you. No, sir, we haven't done a thing.

Q. Who makes the decision of whether the Southern will make an effort to take these trains off?

A. That is management.

Q. Sir?

A. That's management.

[fol. 585] Q. You said that was your decision?

A. No, I said that I formed my own personal opinion that the trains should come off, but management makes the decisions, I don't.

Q. Who is management, please?

A. Well, that is the president, vice-president.

Q. Do you participate in the discussions as to the formulation of that policy?

A. No, sir.

Q. Do you make recommendations?

A. No, sir, unless I am called upon.

Q. Well, in a matter of that kind, wouldn't you be called upon?

A. I wasn't called on, no.

Q. Since this was in your department, who did call these Trains 13 and 16 to management's attention?

A. I don't know.

Q. You told us that there was a decision reached by management; independent of any request upon them by you, as to your opinion about it?

A. They didn't make any request to me.

Q. You knew, did you not, Mr. Beck, that if you were to be permitted to take them off, you would have to present a case to the Utilities Commission of the State of North Carolina, and get permission from them?

[fol. 586] A. Yes.

Q. I take it your answer is yes?

A. Yes.

Mr. Bryant: All right, thank you, that's all.

Mr. Holton: About two questions, please.

By Mr. Holton:

Q. Mr. Beck, does the Southern Railroad offer any service between Macon, Georgia, and Brunswick, Georgia, today?

A. Yes, sir.

Q. In other words, trains 26 and 27 were not the last two trains?

A. That's right.

Mr. Holton: Thank you.

Exam. Gibbons: The witness may be excused.

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[fol. 587] I. H. HINTON was duly affirmed and testified as follows:

Direct examination.

By Mr. Burns:

Q. Mr. Hinton, would you please state your name and address for the record?

A. I. H. Hinton.

Q. Well, how do you spell that, sir?

A. H-i-n-t-o-n, assistant director of traffic in the North Carolina Utilities Commission.

Q. How long have you been with the North Carolina Utilities Commission?

A. Since September, 1949.

Q. In your capacity as assistant director of the traffic department of the Utilities Commission, do you, in the course of your official business, receive reports from inspectors of the North Carolina Utilities Commission concerning various stations used by railroads in North Carolina?

A. That is correct.

Q. How often are these reports made to your office?
[fol. 588] A. Monthly.

Q. Are the reports in writing?

A. Yes, sir.

Q. Do you have, have you brought with you, originals of the reports covering the station at Greensboro, North Carolina, for the month of June, 1961, that is the Southern Railway station at Greensboro?

A. Yes, sir.

Q. What was the date of that report?

A. June 14, 1961.

Q. I show you what purports to be a copy of the report in your files, and ask you if it is a correct copy of that report?

Exam. Gibbons: Mr. Burns, do you have additional copies?

Mr. Burns: Yes, sir, I do, I have a few copies.

Exam. Gibbons: Do you want that marked as an exhibit?

Mr. Burns: Yes, sir.

A. That is correct.

By Mr. Burns:

Q. Now, the copy that I hand you is only the front page of the report, is it not?

A. That is correct.

Q. Now, looking at the back page of the report, is there any writing?

A. Yes, sir.

Q. Is there any writing other than printing on the back of the report?

[fol. 589] A. No, sir.

Q. So the back of the report is more or less in blank form, used by the Commission, is that correct?

A. That is correct.

Exam. Gibbons: Mr. Burns, it might be well at this point to identify these two.

Mr. Burns: I would like to identify these two papers as H-15, the North Carolina Utilities Commission Station Inspection report—

Exam. Gibbons: The North Carolina Utilities Commission Station Inspection Report will be marked for identification as H-15, and the document entitled "Inspection Requirements for Grading Purposes" will be marked as Exhibit H-16.

(Protestants' Exhibits H-15 and H-16, Witness Hinton, marked for identification.)

By Mr. Burns:

Q. I believe that you did say that this was a correct copy of the original of the report which you have with you?

A. That is correct.

Q. Calling your attention to the score, how many possible points could the station at Greensboro have scored? At the particular inspection of June, 1961?

A. 1000.

Q. How many points did the station in fact score?

A. 870.

[for 590] Q. Calling your attention to H-16, that exhibit covering the back of the report, what would a score of 870 be in terms of rating, as disclosed by the report? That was 870?

A. 870; fair.

Q. Are there any remarks appearing on the report on the front side?

A. Yes, sir.

Q. What are the remarks indicated there?

A. "A general cleaning with soap and water would help, but a coat of paint would be much better."

Q. To whom does the report indicate it is directed, so far as the Southern Railway Company is concerned?

A. Mr. B. A. Bernhardt, the agent at Greensboro, and Mr. P. C. Shu, of Greensboro.

Q. Now, I have another exhibit that I would like to have identified, the Station Inspection Report of the Commission for the station at Burlington for the month of June, 1961.

Exam. Gibbons: That may be marked as Exhibit H-17.

(Protestants' Exhibit H-17, Witness Hinton, marked for identification.)

By Mr. Burns:

Q. Now, I hand you a copy of Exhibit H-17, and ask you if this is an exact copy of the official one appearing in your files which you brought with you?

A. Yes, sir.

Q. On the original of the report for June, 1961, if you will [fol. 591] turn it over to the back, I will ask you whether there is any difference in the back of that form and the back of the form which has been identified as H-16?

A. No, sir, there is no difference.

Q. There is no writing on the back of that form, either?

A. No, sir.

Q. On that, what is the date of the report covering the Burlington station?

A. June 14, 1961.

Q. How many possible points could the station at Burlington have made at that inspection?

A. 1000.

Q. How many did it in fact make?

A. 760.

Q. On the scale on the back of H-16, would you please tell me what, where a score of 760 falls?

A. Poor.

Q. Were there any remarks made by the inspector on that report, and if so, would you please read the remarks?

A. Yes, sir. "Station is in need of a general cleaning, a coat of paint would help very much."

Q. Now, I have a report covering the station at Durham for the month of June, 1961, which I ask be identified.

Exam. Gibbons: It will be H-18.

(Protestants' Exhibit H-18, Witness Hinton, marked for [fol. 592] identification.)

By Mr. Burns:

Q. Now, would you please get the original of the report for the Durham station for the month of June, 1961, and compare it with the copy that I have handed you?

A. Yes, sir.

Q. Now, turning to the back of the original of the report, is the back of the report the same as the back of the report which has been identified as H-16?

A. Yes, sir.

Q. There is no writing on that side of the form?

A. No, sir.

Q. The copy which has been identified at H-18, is it a true and correct copy of the original that appears in your file?

A. Yes, sir.

Q. How many points could the station at Durham have scored? Under that scale, for the inspection of June, 1961?

A. 1000.

Q. How many did the station in fact score?

A. 940.

Q. Are there any remarks on the report?

A. No, sir.

Q. After receiving reports on individual stations within the State, does your office prepare a summary of the ratings or scores of the various stations?

[fol. 593] A. Yes, sir.

Q. Do you have the reports for the months of May, June, or April, May and June of 1961, before you?

A. Yes, sir.

Q. Calling your attention first to the month of April, 1961, what was the lowest station in the state, as far as rating is concerned, in April, 1961? Of all railroad passenger stations?

A. Burlington.

Q. What was the next lowest?

A. Reidsville.

Q. And what was the next lowest?

A. Durham.

Q. Calling your attention to the summary for the month of May, 1961, what was the lowest station in this state?

A. Greensboro.

Q. Was was the next lowest?

A. Durham.

Q. What was the next lowest?

A. Raleigh.

Q. What was the next lowest?

A. Burlington.

Q: Calling your attention to the summary for the month of June, 1961, what station received the lowest rating at that time?

A. Burlington.

Q. What was the next lowest?

[fol. 594] A. Greensboro.

Q. What was the next lowest?

A. Salisbury.

Q. What was the next lowest?

A. Durham.

Q. As a matter of information, are the stations at Salisbury and Reidsville also Southern Railway stations?

A. Yes, sir.

Q. Exhibits H-15 and H-17 and H-18 are the originals of reports that are made by inspectors of the Utilities Commission?

A. That's correct.

Q. Do you, of your own knowledge, know what is done with other copies of these reports?

If you don't know, say so.

A. We mail them to the personnel of the railroad.

Q. Do you in your office mail copies of the reports to the various people in the railroads, the various responsible officers of the railroad, I should say?

A. Yes, sir.

Mr. Burns: I believe that's all the questions I have of Mr. Hinton. I tender him for cross examination.

Exam. Gibbons: Cross examination is in order.

Cross examination.

By Mr. Eisenhart:

Q. Mr. Hinton, are these reports made every month of the year?

[fol. 595] A. Yes, sir.

Q. It is a regular proposition?

A. Yes, sir.

Q. Are you in supervision of the inspector who makes these reports?

A. Not directly.

Q. Do you know whether he will—tell us how he goes about making this sort of report, does he visit the stations regularly?

A. He inspects the station and renders a report at the time he makes his inspection, and the agent at the station usually signs a copy of the report.

Q. He makes the report at the station?

A. Yes.

Q. Now, what is the purpose of your office making these reports, these inspections and these reports, and sending them to the railroad, what jurisdiction are you exercising in that respect?

Mr. Burns: The whole question of jurisdiction would be a matter of law, sir.

By Mr. Eisenhart:

Q. What is your purpose, let's put it that way.

A. We try to maintain, or would like to maintain, as nice and proper facilities as possible, so that the public—

Q. Could you give me a statutory or regulatory citation that constitutes this that you speak of?

Mr. Burns: I can give you citations from the North. [fol. 596] Carolina law, if you wish, it is the law, I will be glad to do that.

By Mr. Eisenhart:

Q. Now, looking at Exhibit H-15 for a moment, see if I understand this. Under the heading, "White Waiting Room," you have Walls and Ceiling, 15, circled, and that is apparently part of the reduction from the potential, a minus figure from the potential.

What does that mean, Walls and Ceiling, 15?

A. If you are speaking of the report in connection with Durham—

Q. That is H-15, that is the report in connection with Greensboro.

A. It appears as though the inspector deducted fifteen points due to the ceiling and walls needing cleaning.

Q. It appears; you say it appears, how does it appear to you that that is why he circled 15. against walls and ceiling?

A. Because that is what that covers.

Q. Cleaning?

A. Sir?

Q. Cleaning? That item covers cleaning, is that your testimony?

A. It covers the cleanliness of the walls and ceiling, that is correct.

Q. How about accessible drinking water, minus 25, circled, under the same heading, White Waiting Room, what would that mean, do you know what it means?

A. I can give you my interpretation of it.

Q. I asked you if you knew what it meant when he circled

25. [fol. 597] A. There was not accessible drinking water in the white waiting room.

Q. That means, does it not, that there was not accessible drinking water in the white waiting room, or he didn't find accessible drinking water at the time he was there, is that correct?

A. Yes, sir.

Q. And it could mean that the drinking water fountain was there and not operating, could it mean that?

A. It is possible.

Q. It doesn't necessarily mean that there was no drinking fountain installed, it means that he didn't find any that provided drinking water at the time he was there?

A. That's correct.

Q. I take it he did find accessible drinking water in the colored waiting room at that time, since it doesn't seem to be circled?

A. Yes, sir.

Q. After you sent the reports to the railroads, what is the next step?

A. That's it.

Q. Do you go back next month and make another inspection and another report?

A. Yes.

Q. How about on the same exhibit, White Men's Toilet

[fol. 598] Facilities; under that you have "Windows—Clean, Screened", minus 10; does that mean that either the windows were not clean, or they were not screened, either or both?

A. Well, it could be either or both.

Q. Or that a screen was there and broken, might it mean that?

A. It is possible.

Q. Now, Mr. Hinton, are you aware of a similar report which was made in connection with the Durham station, and presented in the case before the Public Utilities Commission in October of 1959?

A. I don't know which report you have reference to, here, but if it was one of these reports for 1959, a similar report, we do have them in the office.

Q. You don't know what that report showed, the one that was submitted before the Public Utilities Commission in this case in October of 1959?

A. No, sir, I can't recall.

Mr. Burns: The record shows, you can introduce the record if you want to.

By Mr. Eisenhart:

Q. You wouldn't know, then, if there has been any change in this rating since then, I take it?

A. No, sir, because I don't recall what that one was.

Q. Well, turn to your present exhibit on the Durham station. I think it is marked H-18. What is the rating at the present time for the Durham station? I have some [fol. 599] trouble reading these figures.

A. For the month of June, 1961, it showed 940.

Q. Is that, what classification is that?

A. Fair.

Q. Is that the first or second classification?

A. It is the second classification.

Q. Second from the top?

A. Yes.

Q. Mr. Hinton, would you tell me how many railroad stations were checked in the three-months' summary that you referred to?

A. Are you speaking of Southern, or all the railroads in North Carolina?

Q. All the railroads in North Carolina.

A. There were 44 made in June.

Q. 44 stations out of how many in North Carolina, do you know?

A. No, sir, I don't know the total number of stations in North Carolina.

Q. Do you know the total number of Southern Railway stations in North Carolina?

A. No, sir, I do not.

Q. Can you tell me how many Southern Railway stations were checked in June?

A. 25.

Q. So you don't check all stations every month, do you?
[fol. 600] A. We should; it is our intention to.

Q. But it doesn't actually happen?

A. Occasionally a station will be omitted.

Q. Were any instructions given to you or to your office, to make sure that you investigated and reported on certain Southern Railway stations during these three months through June, 1961?

Mr. Burns: Objection, he testified that somebody else made the inspections, not him, it would be beyond his knowledge.

Exam. Gibbons: Does the witness have any knowledge as to any specific instructions that were given to the inspectors?

The Witness: No, sir.

Exam. Gibbons: Objection sustained.

By Mr. Eisenhart:

Q. Mr. Hinton, in your capacity as assistant director of transportation, do you have any supervision over bus lines or operations?

A. So far as rates and charges are concerned.

Q. You do have?

A. Yes, sir.

Q. Would you know in the course of your duties whether

a bus line had been suspended, a bus line operation had been suspended?

A. Some of them I do, and some of them I do not.

Q. Let me ask you specifically; are you familiar with Southern Coach Company?

A. Somewhat.

[fol. 601] Q. Let me show you a paper that was introduced into evidence yesterday as Exhibit H-14, at the bottom of which purports to be a bus schedule of Southern Coach Company. Do you see at the bottom there a schedule marked 3046?

A. Yes.

Q. Do you know whether that operation has been suspended by the North Carolina Utilities Commission?

A. No, sir, this does not come under my jurisdiction, and I do not know about that.

Q. Would you recognize a ticket issued by that company?

A. I don't recall ever, I don't recall one being issued, every one, I don't know.

Q. If you saw that, would you think that you could get on that bus or that company and ride between Raleigh and Durham, if you had one of those?

A. Yes, sir, I would.

Q. Today, you could get on today and ride?

A. I am not sure about that.

Mr. Burns: The authority—for the record I would like to make a statement; the authority of Southern Coach Company to operate a through service between Raleigh and Durham has been to the Supreme Court of North Carolina, and is pending before the North Carolina Utilities Commission; the Commission held that the company has no authority to operate, and I can produce orders to that effect, if necessary; but it is a still pending proceeding, and what [fol. 602] will actually come out of it, I don't know.

Mr. Eisenhart: Mr. Burns, would you concede that you presently can go between Raleigh and Durham on the Southern Coach Company, if you purchased a ticket?

Mr. Burns: As a practical matter, you can; I will also concede that it is an illegal operation.

Mr. Eisenhart: But if you purchased a ticket, you could do that?

Mr. Burns: Yes. You can do anything. The question is whether you can do it legally.

Exam. Gibbons: Any further cross?

Mr. Burns: I have some questions I would like to ask of him.

Redirect examination.

By Mr. Burns:

Q. Since you have been asked what stations have been inspected in June, 1961, Mr. Hinton, I will show you what purports to be a copy of the list prepared by your office of inspected stations for the month of June, 1961, and ask you if this is a correct copy of the original list appearing in your files?

A. Yes, sir.

Mr. Burns: I would like this to be identified.

Exam. Gibbons: This document described as Railroad Passenger Station Ratings for June, 1961, will be identified as H-19.

Mr. Burns: H-19, sir?

[fol. 603] Exam. Gibbons: Yes, sir, H-19.

(Protestants' Exhibit H-19, Witness Hinton, marked for identification.)

By Mr. Burns:

Q. Now, you were asked about the schedule of Southern Coach Company between Durham and Raleigh. Would you please look at the copy that you are given, and tell me how long it takes to go from Durham to Raleigh by means of that schedule?

A. An hour and twenty minutes.

Q. Do you know what the distance is between Durham and Raleigh? By way of Holly Springs?

A. No, sir, I do not.

Q. Do you know what the distance is direct by the most direct highway?

A. Approximately 23 miles.

Mr. Burns: That's all the questions I have on redirect.

Mr. Eisenhart: I would like to ask one or two questions, on recross, with respect to Exhibit H-19.

Recross examination.

By Mr. Eisenhart:

Q. Mr. Hinton, does one man do all this inspecting, or are there more than one?

A. There are twelve that do this inspecting.

Q. Of these twelve, do they each do the same stations each time they inspect, or do they interchange the work they do?

A. They do the same stations each time.

[fol. 604] Q. In other words, the man that went out to inspect Greensboro station in June would be the same one who inspected it in April, and any other month, is that correct?

A. That's correct.

Q. Would he also inspect the stations of any other railroad, or would that be somebody else?

A. We have twelve inspectors, with the Utilities Commission, they are assigned specific territories, and they inspect all the stations within their territory each month.

Q. Are there twelve territories, or do you have more than one inspector per territory?

A. No, sir, they are broken down into the twelve territories.

Q. I see. Thank you.

Further redirect examination.

By Mr. Burns:

Q. Since the time of the last case, has Inspector Jesse W. Hill, to your own personal knowledge, been hired by the Utilities Commission?

A. Yes, sir.

Exam. Gibbons: How long does it take an inspector to inspect a station? Generally? I know it depends on the size and other factors, but how much time does an inspector usually put in on a station?

A. I really don't know.

Mr. Burns: Is that all the questions you have, sir?

Exam. Gibbons: Yes.

[fol. 605] Mr. Burns: I would like to ask that Exhibits H-15, 16, 17, 18, and 19 be received in evidence.

Exam. Gibbons: Exhibits H-15, 16, 17, 18, and 19 are hereby received into evidence.

(Protestants' Exhibits H-15 through H-19, Witness Hinton, received into evidence.)

Exam. Gibbons: The witness may be excused.

Mr. Burns: May I ask if he may be permitted to be excused for the rest of the hearing?

Exam. Gibbons: Yes, he may be excused.

(Witness excused.)

Mr. Burns: That's all the evidence that we have available, I believe. Can we have just one second? I believe we have one more witness we could put on before lunch.

Exam. Gibbons: All right.

Mr. Burns: We have one witness that I think can testify at this time, if Your Honor would like. I ask Mr. William L. Fayle to be sworn.

WILLIAM L. FAYLE was duly sworn and testified as follows:

Direct examination.

By Mr. Burns:

Q. Mr. Fayle, would you please state your name and address for the record?

A. I am William L. Fayle, F-a-y-l-e, address, 2840 Fairway Drive, Burlington, North Carolina.

[fol. 606] Q. What is your occupation, sir?

A. I am Director of Transportation for Burlington Industries, Incorporated.

Q. Where is your office located?

A. Burlington, North Carolina.

Q. Where are the offices of Burlington Industries located primarily?

A. Our executive offices are located in Greensboro, North Carolina. Our sales executive offices are located in New York.

Q. To your knowledge do executives and buyers, or executives of Burlington Industries and buyers of your products have occasion to go to and from Burlington to conduct their business?

A. Yes, sir.

Exam. Gibbons: Did you state what your capacity was?

The Witness: Director of Transportation.

Exam. Gibbons: Thank you.

By Mr. Burns:

Q. Just for the record, in case there is anybody here that doesn't know, approximately what size organization is Burlington Industries?

A. Let me get the current figures. Burlington operates 125 textile plants in 17 states and six foreign countries. It employs approximately 62,000 people.

Q. And I think that you said, and I may be wrong, that there were approximately 7 mills in the Burlington area?

[fol. 637] A. There are seven manufacturing plants in the Burlington area, and one central warehouse in addition to our transportation division headquarters.

Q. Of your own knowledge, do you know people connected with Burlington Industries that use Trains 13 and 16 as a mode of transportation?

A. Yes, sir, we have some executives, manufacturing executives, who use only the rail travel as required in their work between Burlington and New York, eastern points, Philadelphia, Washington, and New York.

Q. In addition to that, they—does your company make express shipments from Burlington, North Carolina?

A. Yes, sir.

Q. Do you have any idea of the volume of the shipments that you make there?

A. I checked that figure with the Railway Express office in Burlington, Mr. Coble, and the figures he gave me were

\$1,000 per week, average, on inbound collect and outbound prepaid shipments by our company. Additionally there was 40 to 50 per cent of that amount on inbound prepaid and outbound collect shipments. That would give a fairly good estimate of those revenues.

Q. In addition to the express and passenger usage, does your company have any shipments moving by rail freight?

A. Yes, sir.

[fol. 608] Q. Any of that by Southern Railway?

A. Yes, sir, from that area all of that would move via Southern Railway.

Q. Do you know why the executives of Burlington Industries from time to time use trains 13 and 16?

A. We have some who use only those trains in their travel, because of the convenience of the schedule. They can leave Burlington at a convenient hour, arriving at New York with a minimum loss of the business day, and can return from eastern points, New York and so on, back to Burlington with an early morning arrival, I believe, of about 7 a. m.

Q. And you know why the buyers would come to your mills or your plants in Burlington and use the train?

A. I would say for the same reason, for the convenience of the schedule. I would like to add a comment, if it is appropos, that we did not realize that we had as many customers, buyers, coming to Burlington on the train, or technical people, such as quality control people, from yarn suppliers, and so on, that were using the train facilities when we made our initial survey, back in the spring of 1959, and since that time these various customers and suppliers have notified our manufacturing and sales executives, because by this time they now know that there is a proposal to remove the service, and they have asked us to let the regulatory people know that the schedule is important to them. They would like to see it maintained. There are a [fol. 609] number of such people whom I cannot identify by name, unfortunately.

Q. As a matter of fact, in the proceeding before the State Commission, you did not even appear in protest, did you?

A. No, sir, in our initial service checks, we found perhaps a dozen to, let's see, 12 to 20 people, somewhere in that range, who were either regular or infrequent users of the

train schedules; but since that time, we have determined that that number must be at least trebled or quadrupled, perhaps in a number of 30 to 40 people, where we find it is to the interests of our company to protest the removal of those schedules.

Mr. Burns: Thank you, sir.

By Mr. Burns:

Q. Would you characterize the city of Burlington as an industrial center?

A. Yes, sir.

Q. Is it a substantial textile center?

A. Yes, sir, it is a hosiery manufacturing center, and to my knowledge there are some 90 or 100 hosiery manufacturing plants in Alamance County, centered around Burlington.

Q. In addition to that, are there other types of industry located there?

A. Yes, sir.

Q. Would you give us an illustration of one or two?

A. The Western Electric Works is on defense work, and [fol. 610] employs approximately 4,000 people; we have a large textile manufactory, the Kaiser Roth Company, who operate, I am not sure, but I would say three or four plants in Burlington, and perhaps six or eight in the county, and nearby points, within ten miles of Burlington.

Q. Thank you, sir. In view of what you have stated, after your check of the situation at your own company, in your own general knowledge of your area in which you live, do you have an opinion satisfactory to yourself as to whether or not the passenger trains 13 and 16 serve a substantial public convenience and need in the area in which you live?

A. I feel they definitely do.

Mr. Eisenhart: I object to that, Your Honor.

Exam. Gibbons: I know it calls for a conclusion, that is a conclusion the Commission has to decide, but I will let him express an opinion.

The Witness: I believe they do. I would go on to say that I believe as an industrial traffic man, realizing this,

to minimize the loss to the Southern Railway, we would do everything possible to encourage the use of those trains to minimize their loss, and to permit their continuance.

Mr. Burns: I believe that is all the questions we have, Mr. Examiner.

Cross examination.

By Mr. Eisenhart:

Q. Mr. Fayle, I believe that you stated that you made a [fol. 611] survey of some sort before the proceeding before the State Commission in 1959, when at that time you did not find sufficient reason to protest?

A. Yes, sir.

Q. As a matter of fact, you notified some employee or officer of Southern Railway that you had no objection at that time?

A. Yes, sir.

Q. Did you realize at that time that Southern Railway had petitioned the State Commission for the discontinuance of these trains, and had posted notices to that effect throughout the area, when you made your survey in 1959?

A. Yes, sir, and we assisted them previously on the removal of other schedules too, and I believe four years prior to that.

Q. When did you make your second survey, the one that caused you to change your mind?

A. Subsequently to June 24, 1959, when we advised your company that our studies at that time indicated that there was little interest or use.

Q. When subsequently, Mr. Fayle, do you recall?

A. I would say in the past eight months.

Q. In the past eight months?

A. Yes, sir.

Q. Was that before or after Southern Railway petitioned to the Interstate Commerce Commission, do you know?

A. I can't answer the question, because I am not clear [fol. 612] enough on the dates, but I would think that it was prior to the petition to the Interstate Commerce Commission.

Q. At that point, Southern—did you know that Southern was operating the trains because it failed in North Carolina Courts to have them removed?

A. Yes, sir.

Q. But you did not know that it was going to petition to the Interstate Commerce Commission?

A. At that time, no.

Q. When you made the survey?

A. We presumed they would, but we did not know.

Q. Mr. Fayle, could you tell me how many of your executives regularly use 13 and 16?

A. These are manufacturing executives who personally use the service, and who have informed me that their vendors and customers use this service.

Q. Before you read that—

A. Would you like the names?

Q. I would like to find out—are these your executives?

A. Yes, sir, manufacturing executives.

Q. Burlington's executives?

A. Yes. They operate plants or divisions located in Burlington.

Q. I don't know that you understood me. My question was, are they officers of Burlington Industries?

A. Yes, sir.

[fol. 613] Q. How regular is the use of the trains by them?

A. I have one hosiery vice-president who goes to New York about once a month, up and back on the train.

Q. Has he always used the train?

A. He has always used it.

Q. He was using it back in April of 1959, then?

A. Yes, sir.

Q. Do you have anyone who makes more frequent service of the train than that?

A. Not as an employee of our company, no, sir.

Q. You spoke about express, Mr. Fayle, and you indicated that your company ships a good deal of express. Is that express handled by our, handled by REA over the road, or by motor carrier?

A. By truck, since the authority was granted in 1961, February 24, 1961. Prior to that time, by rail.

Q. We understood you to say that, as to your freight,

you shipped all by Southern Railway. I take it that you meant by that, that any freight that you had by rail is shipped by Southern Railway, because of your location, and that you did not mean to say that all the freight that is shipped out of your plant at Burlington is railroad freight, is that correct?

A. That is correct.

Q. How far is Burlington from Greensboro, Mr. Fayle?

A. 22 miles.

[fol. 614] Q. Is your plant located in the center of Burlington?

A. No, sir, our plants are located at various points in Burlington. One would be located in the center of Burlington; the others would be on the extremities, east and south of Burlington.

Q. Do you have a plant at Franklin, North Carolina?

A. Yes, sir.

Q. Do you have any travel between New York and that plant?

A. Sir, let me correct myself. I am thinking of Franklinton. You said Franklin, North Carolina. Franklin is in the mountains and to my knowledge we do not have a plant there. We have one nearby at Raven Gap, Georgia.

Q. I mean Raven Gap.

A. Yes, sir, Raven Gap.

Q. Do you have travel between New York and Raven Gap?

A. That plant belongs to a division of ours called James Lee and Sons Carpet Company, whose headquarters are at Bridgeport, Pennsylvania, or Philadelphia. There would be travel between Raven Gap and Philadelphia, yes, sir, not necessarily New York.

Q. Do you know whether there is any passenger service there?

A. There is no passenger service, the Tallulah Falls railroad has been abandoned.

Q. Do you have frequent travel between Burlington and Greensboro via automobile?

A. Yes, sir.

[fol. 615] Q. So that if a man coming to your plant from the east came down on the Southern Railway on the Winston-Salem Pullman car, for example, he could get off in

the morning, and he could be met there and taken to your plant?

A. At a very inconvenient hour, six a. m., yes, sir.

Q. Do you know that he has to get off the train at six a. m.?

A. I am not that familiar with passenger travel schedules on that arrival, but it is somewhere in that neighborhood.

Q. It wouldn't be 7 a. m.?

A. Sir?

Q. It would not be 7 a. m.?

A. I prefer to look at the schedule.

Mr. Eisenhart: I don't think it is that important, it is in the record.

The Witness: Yes.

Mr. Eisenhart: I believe that's all I have, thank you.

Exam. Gibbons: You mentioned that one executive uses the trains approximately once a month between Burlington and New York?

The Witness: Yes, sir.

Exam. Gibbons: Other executives, I take it, use it less frequently? Is that correct?

The Witness: The other executives, sales headquarters are not necessarily in New York. This man has travel confined between Burlington and New York. The others have [fol. 616] sales areas in New York, and also at Atlanta, Dallas, Chicago, and other points. I used him as an example because of the fact that we have a through car that moves to New York.

Exam. Gibbons: How many other executives other than the one you mentioned use it about once a month?

The Witness: I have about five here that I would say use it on an average of about once a month, and the majority of that travel would be east, from Washington on to New York.

Exam. Gibbons: Do you have occasion to use it yourself?

The Witness: Yes, sir, I use it myself.

Exam. Gibbons: How frequently?

The Witness: I probably don't use it that much, because I don't spend that much time in New York, I probably use it maybe twice a year.

Exam. Gibbons: How many employees are located in this area? I think you mentioned a total for the Burlington Industries, but how many are in this particular area?

The Witness: I can give you a close estimate. I would say 2500 to 3000 would be sufficiently close, if you will accept an estimate.

Exam. Gibbons: Any further questions?

Redirect examination.

By Mr. Burns:

Q. In addition to your own personnel, you have other representatives of other companies coming to see you in Burlington for purposes of purchasing your products, is [fol. 617] that not correct?

A. Yes, sir, we have the headquarters of our Burlington House Fabrics plant there, which manufactures upholstery, and drapery fabrics, and buyers from various companies who are our customers come to Burlington to look at the samples and styling. We were not aware of the fact that we had as many people coming to Burlington as apparently actually do come, and use the train in their travel, particularly women buyers.

Mr. Burns: That's all the questions I have.

Mr. Eisenhart: I have a couple.

Recross examination.

By Mr. Eisenhart:

Q. Mr. Fayle, do some of your contacts and executives use plane service?

A. Yes, sir.

Q. At Greensboro?

A. Yes, sir. We have our own company planes in addition to that, that fly to non-scheduled destination points, where we don't have through service.

Q. They are available to your executives?

A. Yes, however, some of our executives will not fly.

Q. They are available, though. How about your customers, are they made available, not necessarily your cus-

tomers, but these people that come down to do business with you?

A. Not on a broad scale; occasionally they will be made available for perhaps an important sales or styling meeting [fol. 618] or something, but not frequently.

Q. But others use the scheduled airlines?

A. Yes, sir.

Q. Mr. Fayle, one thing I want to bring up in connection with your answer to the Examiner, the information that you have given about the people who are riding the trains, and the regularity of the service other than your own use, is that what they have told you, is that what, is that how you know?

A. Yes, sir, and I know from my own personal knowledge, because some reservations are made by my secretary there in Burlington, and I know from personal knowledge, and I believe I could document it with our reservation sheet, we keep a regular reservation sheet. I did not do so before coming, but I could do so if it would be of interest.

Mr. Eisenhart: Thank you, sir.

Mr. Burns: Thank you.

Exam. Gibbons: The witness may be excused.

Mr. Burns: May he be excused for the rest of the hearing?

Exam. Gibbons: He may be excused.

[fol. 619] GEORGE HERBERT was duly sworn and testified as follows:

Direct examination.

By Mr. Bryant:

Q. Mr. Herbert, I am going to ask you to pull it back far enough, not so you will be in any danger of falling, but turn partially towards the Hearing Commissioner and the Reporter, that's correct.

Will you state for the record your full name and address?

A. George R. Herbert, 1212 Arnett Avenue, Durham.

Q. What is your occupation, Mr. Herbert?

A. I am president of the Research Triangle Institute.

Q. Will you tell us where the Research Triangle Institute is located?

A. The main operations of the Research Institute are located on the Institute campus, in the middle of the Research Triangle Park on Cornwallis Road, about six miles, approximately, south of Durham.

[fol. 620] Q. And approximately how far from Raleigh, and how far from Chapel Hill?

A. These are approximations; about 16 miles from Raleigh, and about 12 miles, perhaps, from Chapel Hill.

Q. Mr. Hubert, what are the Research Triangle Institute?

A. The Research Triangle Institute is a non-profit operation, maintaining its own staff and facilities to provide scientific engineering research services to corporations, government agencies, and foundations.

Q. And are there such agencies and foundations and institutes located in the Research Triangle Park area?

A. I am afraid I will have to ask for qualification; are there other institutes similar to yours?

Q. No, sir, other organizations.

A. Other research organizations?

Q. Yes.

A. Yes, there are.

Q. Name me some of them, please.

A. The largest is the Chemstrand Research Center, which was completed toward the end of last year. The U. S. Forestry Service has a new laboratory under construction, due to be completed early next year, some time early next year.

Q. Do you know how many people are presently employed by the Chemstrand Corporation? In the Triangle Park area?

A. This would have to be an approximation, because I [fol. 621] do not have the exact numbers, it would be about 375, perhaps a little more, at the present time.

Q. Is Mr. George Watts Hill connected with the Research Triangle Institute?

A. Yes, sir; Mr. Hill is Chairman of the Institute's Board of Governors.

Q. Do you happen to know whether he as a necessity had to be out of the city for the balance of this week?

A. Yes. I saw Mr. Hill early in the week, and he told me he had to leave.

Q. Mr. Herbert, in the discharge of your duties, please state whether or not it is necessary for you to travel to and from the Research Triangle Institute to other cities and parts of the United States?

A. Yes, it is. I travel quite extensively.

Q. How frequently do you make trips to New York? And Philadelphia and Washington and that area?

A. I average probably something over, something between two and three trips north from here, at least that many, each month, and probably average at least one a month to New York. The rest of them would be to Washington.

Q. What mode of transportation do you use in your travel to New York?

A. I use both rail and air.

Q. And what differentiates between whether you use one [fol. 622] or the other, and will you explain, please, in your answer to that question when and why you use the rail transportation.

A. I would say the main reason for me using rail transportation in connection with New York trips is the important matter of timing or convenience. Of course with the time difference, it is impossible to leave here right now on an early morning flight, and be in New York for the luncheon meeting, particularly during the period of daylight saving time in other parts of the country, so that if I have a luncheon meeting, a late morning meeting in New York, I am usually much more inclined to use the train to go to New York, rather than to fly up the night before, and go and get a hotel room.

Q. Do you know, Mr. Herbert, what mode of transportation the associates of yours, or those who come to the Research Triangle area on business, use in getting to and from the Research Triangle area to northern cities?

A. There again I would have to answer that both rail and air are used by staff and by visitors.

Q. Have you yourself either made arrangements or had arrangements made for you, for the use of Trains No. 13 or 16 in such travel?

A. Those are the trains that bear the Durham car?

Q. Yes, sir.

A. Yes, I have, both for myself, while most of our travel is by reservations, during the course of this year I have [fol. 623] had occasion to make arrangements or purchase tickets for visitors to the Institute.

Q. Would it be feasible under those conditions in which you describe, in which you use the train for travel to New York, for you to travel by other modes of transportation than the use of these two trains that go through Durham, No. 13 and 16?

A. Would it be feasible?

Q. Yes, sir.

A. Well—

Q. I am not asking you if it would be possible; I am asking you about the feasibility of it.

A. The trip could not be handled in the same way, in all honesty, a person would have to, you can either go to other points and get some other type of transportation, or you can use another means of transportation, but the particular trips, we would have to get to New York either in terms of timing, of meeting there, or in terms of bulky materials which you take for presentations, they could not be handled nearly as conveniently or properly from the standpoint of timing.

Q. Did you leave Durham on the afternoon of May 28, of this year, on a trip to New York on this Southern train? From Durham to Greensboro?

A. Yes, the evening train out of Durham.

Q. Did you observe anything about the equipment, about the Pullman car, on that occasion?

[fol. 624] A. Yes, when I boarded the Pullman car in Durham, it was— I would like to explain to—

Q. Explain to His Honor just what you observed, and what you found out when you boarded the car there.

A. When I boarded the car in Durham, it was excessively hot, that would be a very modest understatement, it was like an oven, and I spoke to the Pullman conductor about it when he came through, because I thought the equipment had broken down.

Q. Go ahead and explain.

A. In asking the Pullman conductor, because I was afraid this condition was going to prevail all the way to New York, if the system had broken down, he replied to me, no, that the car system was all right, but until the train came to Raleigh, the sleeping car sat in the sun in the yards, and that unlike prior times, the car was no longer pre-cooled, as he explained it to me, a cable or an electrical connection was broken, and that he had been told, I suppose in the Raleigh yards, I don't know how, that the railroad was not going to repair it.

Mr. Eisenhart: I move that the last statement be stricken; that is hearsay on hearsay.

Mr. Bryson: That was a conductor in charge of the Pullman car?

The Witness: The pullman conductor, yes, sir.

Mr. Eisenhart: The objection still stands.

Exam. Gibbons: Strike that portion of the answer that [fol. 625] he had been told about it in the Raleigh yards.

By Mr. Bryson:

Q. I believe you said that that occurred on the 20th day of May of this year?

A. Yes, sir.

Q. Mr. Herbert, have you at any time experienced personal difficulty in attempting to get reservations on either of these particular trains to or from Durham?

A. I don't know, it is probably asking a question in return, but difficulties in terms of service, or difficulties in availability of reservations?

Q. In availability of making reservations.

A. I personally have never had any difficulty in obtaining any, difficulty from the standpoint of service, in obtaining the reservations; there have been occasions, not for

myself, but in attempting to get reservations for visitors where space was not available out of Durham.

Mr. Bryson: I believe that's all I want to ask Mr. Herbert. Just a moment, please.

May it please Your Honor, of course your ruling is adverse to us as to the full statement made by the conductor to this witness. Not being as familiar as I would like to be with the ICC rules of procedure, I want to ask if it would not be permissible for us to put into the record for the purpose of having the answer ruled upon, as to whether it would be competent or not, the answer which the witness [fol. 626] would give, although we understand that you have ruled that it would be incompetent. If it is in, it is all right; and if it isn't, if there is any question about it, for the protection of whatever rights we might have, we would like to see that it is in.

Exam. Gibbons: All of the statement is in the record, except the last sentence as to what the conductor was told by someone else; that is the only portion, his statement, I don't quite understand.

Mr. Bryson: We understand that you have ruled for that to be incompetent. In order that we might present the question of competency in our State Courts, we request to have the record show what the answer would have been, had the witness been permitted to answer.

Now, that, I think, is in the record, so that the question could be presented; but I just wanted to be sure that the record had not been expunged of that part.

Exam. Gibbons: I see. You show that certain portions of that have been stricken, but it is not physically stricken from the record.

Mr. Bryson: Yes, sir.

By Mr. Bryson:

Q. Mr. Herbert, how far does the Southern Railway right-of-way over which these particular trains in question pass, from the Research-Triangles Park area? Just approximately.

A. I am afraid I am not very qualified to answer that. [fol. 627] I believe it is about, from my office, probably,

in a straight line; it is probably in the vicinity of five miles, perhaps.

Q. I wanted to ask you about the plans and future prospects of the Research Triangle. I had intended to bring that out from Mr. Watts Hill. I don't know if you are prepared to answer on that point, or whether that is a matter for Mr. Hill himself to answer.

A. I am afraid that it would be improper for me, except on behalf of the Institute, because an answer on the other—

Q. Limiting yourself strictly to the Institute, can you tell for the record, please, what your prospects are there for future expansion of business?

A. Yes, sir, the Institute really had its first staff on March 1, 1959, the first staff other than myself. Today the Institute has 86 full-time regular permanent employees. This is exclusive of temporary field workers and others we have occasionally. Our budget forecasts for a staff of 105 at the end of this year, and between 160 and 170 at the end of 1962. I think the best way to answer part of that question, as far as the Institute's expectations, is to state that there are nine other similar research institutes in the country similar in corporate form, and similar in types of things that they do. The smallest of the other nine, all of these being older organizations, would have approximately 400 employees; the largest, something a little over 2,000 employees. The Institute is expanding for [fol. 628] a new organization at a very rapid rate, both in terms of staff and in contract research activity. We will go to something over 300 total employees and many—

Q. Mr. Herbert, where are the clients or people for whom the Institute does work, where are they located?

A. The bulk of our present activities are with Union Carbide Chemicals Company, which is headquartered in New York, a contract which has been completed with Union Carbide Nuclear Corporation, with Frankfort Arsenal—

Q. Would you give the locations?

A. They are generally south of Newark and Philadelphia and New York; we worked with Bell Telephone Laboratories, with Western Electric, Redstone Arsenal, and

one of our largest activities now is the creation of the Emil Dreyfus, Henry Dreyfus Laboratory, which is resulting from a grant derived from the Henry Dreyfus Foundation.

Q. And where is the location?

A. The location is in New York. A lot of our work, of course, is out of Washington. I mentioned mostly the non-Washington contracts.

Q. Could you give the location of Redstone Laboratory?

A. That's at Huntsville, Alabama.

Q. Please state whether or not the continued operation of these trains in question would serve any use or purpose of your Institute in its dealings and relations with these [fol. 629] institutions which you have named?

A. It is important to the Institute, yes, not with respect to all of the organizations which I named—

Q. Will you explain what you mean when you say it is important to the Institute?

A. In connection with our research projects, a great deal of travel is required; in contrast to what you would expect in a normal business. Our people in doing a research project for a company, or for a government agency, must very frequently have meetings with the client's representatives for proper execution of the work. Some of those are held in our offices in the Research Triangle Park; others are held in the company's offices, or in the company's laboratories.

Q. Does that, would the continued operation of these trains serve a convenience to those parties doing business with you in this area?

A. Very definitely, and also to our own staff doing business with people elsewhere.

Q. What would you say as to the necessity for continued operation of these trains?

Mr. Eisenhart: I object.

Exam. Gibbons: I am going to overrule the objection, as long as he restricts it to his opinion in respect to his own business.

By Mr. Bryson:

Q. Within the limitation given by the Examiner, you may [fol. 630] answer the question, Mr. Herbert.

A. My personal opinion is that the continued operation and the provision of this service is extremely important to proper functioning of our organization.

Mr. Bryson: You may examine him.

Cross examination.

By Mr. Dixon:

Q. Mr. Herbert, have you ridden these trains since May 28th?

A. No, sir.

Q. This hot condition on the Pullman car, did it ever occur prior to May 28th, as far as you know?

A. Not on the occasions that I have been on the car, no, sir.

Q. What finally happened to that car, did they ever get it cooled, or did you move to another car at Greensboro, or what?

A. No, sir, as the conductor explained to me, the car was all right, but that it was not pre-cooled before it left Raleigh, and he assured me that it would come down in temperature at some point, and I have forgotten when, because I got off the car in Greensboro, and took a walk around, but it was normally comfortable after we left Greensboro.

Q. Has there been any growth in the Institute since the hearing before the North Carolina Utilities Commission in October, 1959?

A. Yes, sir.

Q. Would you give us some idea?

[fol. 631] A. I was looking at the figures, I was trying to think what our staff was at that point, October, 1959; there has been a growth of probably, you will have to accept this as an estimate—

Q. Yes.

A. 41 or 42 to 45 people in total staff.

Q. Would you say that that growth of 40 or 42 people on the staff has made any contribution to the patronage on these trains?

A. Very definitely.

Q. They ride the trains?

A. Yes, sir.

Q. Can you give us a breakdown between, I am talking about you personally now, the number of times you ride the railroad and the number of times you fly between Raleigh, Durham and the east?

A. I can very closely, as far as New York is concerned, sir. My use of the train is primarily for New York trips, and the period, the first six months of this year I utilized that car four times in connection with going to or coming from New York, and that is a figure which I am sure of. I believe that I probably used the airlines about an equal amount. Now, on New York trips; I believe I used the train something between a third and a half of the time with respect to other trips.

Q. And the balance?

A. The balance would be various.

Q. As to Washington, how do you get to and from Washington?

[fol. 632] A. I use air to Washington.

Q. Exclusively?

A. Yes.

Q. You travel to Philadelphia?

A. I do not travel to Philadelphia. Some of our staff members do.

Q. What you said as to your own personal experience, would that be true also of these other people to whom you have referred?

A. Not to the same extent, historically, because I am very surprised to learn in connection with a trip a few weeks ago to Frankfort Arsenal, we had three men, I believe, going up, they were unaware of the existence of the car, there was some problem of transportation, I heard them talking in the hall, and suggested that they take this train, and they never heard of it. I have been here longer than most of our staff, and I had been aware of the interest

in this train, I know of it more than some of my staff members would.

Q. Are you telling me now that your staff members fly more than you do, relatively?

A. Generalizations would be very difficult, sir, and I think I would hesitate to say; all I can say is, I have checked my own personal records of my use of the air and train.

Q. I see; the Frankfort Arsenal is in Philadelphia?

A. It is in that area, yes, sir.

[fol. 633] Q. Do you or your staff also use the Seaboard Railroad out of Raleigh to get to eastern destinations?

A. Yes, sir. If I may qualify that answer, you must understand that because of our location, our people live in all three communities, Chapel Hill, Durham, and in Raleigh, and those members of our staff who live in Raleigh, I am not familiar with the schedule of the line out of Raleigh, but I think there are evening trips, if you are leaving in the early evening, you leave from the place closer to your home, so quite a few of our staff members who live in Raleigh do use whatever the service is out of Raleigh.

Q. It all depends on, I suppose, just how close they are to the nearest available mode of transportation?

A. To answer would be an opinion.

Mr. Dixon: That's all I have.

Exam. Gibbons: The witness may be excused. Call your next witness, please.

Mr. Bryant: Mr. George Cox.

GEORGE COX was duly sworn and testified as follows:

Direct examination.

By Mr. Bryant:

Q. Will you please state for the record your full name and address?

A. My name is George Cox, 3205 Forestdale Avenue, Durham, North Carolina.

[fol. 634] Q. Mr. Cox, what is your occupation?

A. I am Program Director of the Ordnance Engineering Design Handbook at the Army Research Office.

Q. And where is the Army Research Office located?

A. It is located on the campus of Duke University.

Q. How long have you been connected with this organization?

A. Nine and a half years.

Q. How long during that period have you lived in Durham?

A. The same period.

Q. Will you explain for the record something of the nature of the organization, please, and what its functions are, and what its requirements are, insofar as they relate to travel?

A. May I speak solely for my own project, and not for the office as an entirety?

Q. Go ahead.

A. The Design Handbook is a major technical program of the Army Ordnance Corps; the book requires very close coordination between the office here, the office of the Chief of Ordnance in Washington, the commander, officers, and senior scientists of about 13 other organizations or, rather, ordnance installations, throughout the country; for example, Frankfort Arsenal, in Philadelphia; Pickatinny Arsenal at Dover, New Jersey; various ordnance installations; I think there are about 12 of those.

Q. Mr. Cox, please state whether or not you find it necessary to travel in the dispatch of your duties in this position [fol. 635] which you hold?

A. Yes, sir, I have to make a trip either to Washington, New York, Philadelphia, Baltimore, somewhere in that area, on the average of about once every two weeks.

Q. How far is your office located from the Southern Railway station in the city of Durham?

A. It is about a ten minutes' ride. My home is about the same distance.

Q. How often do your duties require you to make these trips which you have referred to?

A. In 1959, I made 26 trips, using the Southern Railway. In 1960, I made 25, and to date in 1961, I have made 19.

Q. In the 25 which you made in 1960, what mode of travel did you use?

A. I used almost exclusively the Southern Railway.

Q. And in the trips, the 19 trips which you have used, or made, during 1961, what mode of travel?

A. 18 by Southern Railway and one by air.

Q. Mr. Cox, do you have your choice by which mode of transportation you travel in making these trips?

A. I have a choice, but I have always found it much more convenient from the point of view of conservation of time to use the train.

Q. You have answered the question that you do have the choice, and I want you to explain now why you have [fol. 636] made the choice of the Southern. I assume that when you say the use of the Southern, you have reference to these two trains, No. 13 and 16?

A. Yes, sir.

Q. Which run out of Durham?

A. Yes, sir.

Q. Will you please explain why, for the record, the reason for the choice which you have made as to the use of the Southern Railway's two trains?

A. Since the train leaves approximately at 5:55 in the afternoon, I can stay an entire day at the office the day I leave. The train gets into Washington the next morning at 7:00; into New York another route by about 8 o'clock in the morning; therefore I am able to spend the entire day in the office and at my destination, coming and going.

Q. But what would you say as to the return trip?

A. The return trip would be almost the same, sir. The train gets in, in the morning, shortly before or after 8 o'clock, and again there is very little delay in getting from the station to work.

Q. When you say it gets in, I assume that you have reference to the station in Durham?

A. The station in Durham, yes, sir.

Q. Will you explain, if you had to take some alternative method of transportation, such as a plane or motor coach, [fol. 637] or trains out of Greensboro or Raleigh, whether that would serve your convenience to the same extent that these two trains do, and if not, explain why.

A. Certainly not to the same extent of convenience. A trip from my home to any other mode of transportation

would require the investment of additional time, which would either have to be taken off my average eight-hour day at the office, or else I would have to eat into my own time at night; for example, if I were to go from Durham to Raleigh to catch a Seaboard, I guess it is, frankly I don't know, that would require an additional effort, investment in effort, to get my car from Durham to Raleigh; we only have one car, and that would make it necessary for me to get my wife or teen-age son to drive me over and pick me up, and then drive back, and pick me up on the trip in return; the same thing would hold true, I think, for Greensboro, 54 miles from Durham; again it would take about an hour and a half to get there by motor car. I don't know what the bus schedule is, frankly, I don't particularly like to travel by bus, it is rather hot, dusty, and inconvenient. As far as I am concerned, the continued use of this, of these two trains, 13 and 16, would certainly save an awful lot of time as far as I am personally concerned. At the same time, it would alleviate my family from having, as it was, to cart me back and forth.

Q. For the record, what is the approximate distance from Durham to Raleigh?

[fol. 638] A. About 22 miles, I believe, sir.

Q. Mr. Cox, during your travels on the Southern Railway, will you please state whether or not you have at any time experienced any difficulty in getting reservations, or making reservations on these trains, these two trains in question?

A. On two occasions, I don't believe I can give you the exact dates, but I think I have them on a card in my pocket. The early part of February I had to take a trip to the North Philadelphia station to get to the Frankfort Arsenal. That trip was arranged for me approximately three days in advance. By the time I left on the 5:55 in the evening, the return reservation had not been received in Durham. I was told by the station attendant to pick the reservation up in North Philadelphia the next morning, it would be waiting at the North Philadelphia station the next morning.

I inquired when I got in about 6:30 a. m., as to whether the return reservation had been made, and I was then informed that they had received no work on it. I left Frank-

fort Arsenal about five o'clock, got back to the North Philadelphia station about five-thirty, five forty-five, and again inquired as to whether I had received my return reservation. There was no reservation there. I got on the train anyhow, in the hopes that I would be able to find some accommodations, and the conductor at that point assigned me to Roomette 10, I believe.

Q. In the Durham car?

[fol. 639] A. In the Durham car, yes, sir.

Q. Approximately how filled was that car? At that time?

A. I would say somewhere between 75 and 80 per cent.

Q. In discharging the duties of your particular office, do you need the use of these two trains?

A. Yes, sir.

Q. Mr. Cox, do you read the Durham newspapers?

A. Yes, sir.

Q. Have you at any time seen any advertisement of any kind by the Southern with reference to these two trains?

A. The advertisement, as an ad publicizing the existence?

Q. Yes.

A. No, I have not.

Q. Have you seen any notice anywhere of any proposed discontinuance of the trains?

A. Only to the extent that these hearings were publicized in the paper.

Q. You mean a news item?

A. Yes, sir.

Q. I think that's all I want to ask Mr. Cox.

Cross examination.

By Mr. Dixon:

Q. Mr. Cox, what organization are you with? You reeled it off so fast I couldn't get it.

A. With the Army Research Office in Durham.

I am Program Director for the Ordnance Engineering [fol. 640] Design Handbook. It is a special project, under the jurisdiction of the Chief of Ordnance, Department of Army.

Q. It is a branch of the United States Government?

A. Yes.

Q. Branch of the Army?

A. Yes, sir.

Q. Are you here representing the United States Government or any agency?

A. No, sir, I am not.

Q. You weren't directed to come here by any governmental official?

A. No, sir.

Q. Or army officer?

A. No, sir.

Q. You are just sort of here on your own hook?

A. Yes, sir.

Q. You said that 75 or 80 per cent of that car was occupied?

A. Yes, sir.

Q. How many people do you suppose that is?

A. About 16 to 18 people.

Q. Are you thinking of spaces?

A. I am thinking of spaces. When I got on the car, at least half of the doors to the rooms were closed, and I have observed that when the doors to the rooms are closed, they are usually occupied.

[fol. 641] And there were people sitting in a substantial number of the roomettes where the doors weren't closed.

Q. Would you accept my word that there are 16 spaces on that car?

A. I would accept that, yes, sir.

Q. And you think 75 per cent or 80 per cent of them had somebody in them?

A. Yes, sir.

Q. And some of them simply had the doors shut, so you assumed somebody was in them?

A. Yes, sir.

Mr. Dixon: Thank you very much.

Mr. Bryant: May the witness be excused?

Exam. Gibbons: The witness may be excused.

(Witness excused.)

Mr. Bryant: If it please Your Honor, I would like to call Mr. Herbert, recall him, to correct one statement, or explain one statement which he made.

Mr. Herbert, will you come back to the witness stand?

GEORGE HERBERT resumed the stand and testified further as follows:

Further redirect examination.

By Mr. Bryant:

Q. You have called my attention to one statement which you made. I intended to ask you the question, how far your office in the Research Triangle area, was, not from [fol. 642] the passenger station, but from the Southern Railway right of way; will you explain to us how close the Southern Railway right of way over which these two trains run, the route of the Southern, is to the Research Triangle area, and to your office?

A. Yes, sir. I answered the previous question in terms of distance to the passenger station. The Southern Railway right of way is part of the eastern boundary of the Research Triangle Park, at a point near my office, therefore my office is something very close to a quarter of a mile from the Southern Railway right of way.

Q. It may not be important at all, but I did want to make that correction, and let it appear in the record. Do you have any questions?

Mr. Bryant: Thank you, Mr. Herbert.

Exam. Gibbons: You may be excused.

(Witness excused.)

Mr. Bryant: Mr. Paul Gray. Mr. Greer, will you take the witness chair, please, and state your full name? I inadvertently called him Gray; it is Mr. Greer, G-r-e-e-r.

PAUL GREER was duly sworn and testified as follows:

Direct examination.

By Mr. Bryant:

Q. Will you state your name and address for the record, please?

A. Paul Greer, 23 Flemington Road, Chapel Hill, North Carolina.

[fol. 643] Q. Mr. Greer, what is your occupation?

A. I am a chemical engineer.

Q. With whom are you connected, and in what capacity?

A. With the Army Research Office in Durham, as Associate Director of the Chemistry Division.

Q. How long have you been connected with the Chemistry Division of the Army Research Department?

A. Four years and six months.

Q. And that is located, I believe, at Duke University?

A. It is on the Duke University west campus.

Q. Mr. Greer, what is the nature of your work there?

A. The Division that I am Associate Director of, is concerned with sponsoring basic research projects at various universities throughout the country.

Q. Now, is there anything about the nature of your work which requires you to travel in the discharge of your duties?

A. Yes, sir, it is.

Q. Would you explain what there is about your work which requires you to travel?

A. It is necessary to keep in touch with project directors of the various programs, and also to make frequent trips to the Washington area; and the New York-Philadelphia area, and other places, for occasional meetings.

Q. On keeping in touch with the universities and programs, without going into that in detail, would you tell [fol. 644] what some of those areas are?

A. Well, with reference to this particular question, much of the business has to do with a comparison of efforts with other government agencies in the Washington area; in other words, there are such agencies as the National

Science Foundation, and the Air Force Office of Scientific Research, and the Office of Naval Research, who are also doing similar work.

We have meetings among ourselves to compare notes, and aside from that, we have frequent meetings of other technical societies such as American Chemical Society, the American Institute of Chemical Engineers, and those meetings frequently are in Washington, Philadelphia, New York, Atlantic City area.

Q. Is there any reason why you would hesitate to answer the question as to the nature of the work that they, that you are doing at Duke University?

A. No, not at all, because it is unclassified.

Q. Explain what it is, please.

A. We receive proposals from universities throughout the country, and a professor who is engaged in research may have a project that he wishes to work on, and needs some financial help. These proposals that come in unsolicited are reviewed in our office, and then subjected to further review by a specialist in the field, and then are subjected to other review, after we get their reports.

Q. And by whom are they reviewed?

[fol. 645] A. They are reviewed by technically-qualified people in our office, plus the disinterested referees of the National Academy of Sciences; then after these proposals are graded according to quality and scientific merit, they are compared with the budget that we are authorized to use to further support them, and the most meritorious proposals are then accepted.

Q. Do they have, do you at times have to submit those in person?

A. Submit?

Q. The recommendations.

A. The recommendations, of course, well, the recommendations that we get are from outside; the final decision on whether to support this proposal is made in our office; but we do have to keep in touch with other agencies working in the same field, to make sure that we are not duplicating, and to make sure that our standards are equal to theirs.

Q. How frequently in the course of your duties is it necessary for you to make trips outside of Durham?

A. I average about 15 to 18 trips a year.

Q. And where are those trips made, generally?

A. Well, most of them are made to the Washington-New York-Philadelphia-Newark-Boston area; but there are some farther away; for example, there was a joint Army-Navy-Air Force conference in Denver recently on solid [fol. 646] propellants; there was an American Chemical Society meeting in St. Louis, so they may be at any point in the country; but they tend to concentrate on the eastern seaboard.

Q. Now, on these trips would you find it necessary to make trips to the eastern seaboard, that is, on these trips you find it necessary to make to the eastern seaboard, do you have the opportunity of choosing your own method of transportation?

A. Yes, in general the answer is yes.

Q. State what method you have chosen, or methods?

A. From New York and points between here and New York, I much prefer to use train travel.

Q. And when you say train travel, what train and what route, what company?

A. It means the Southern to Washington, with connections to New York, Pennsylvania, and Boston.

Q. How far is your office from Durham to the railway passenger station in Durham?

A. I would say it is about three miles, approximately.

Q. How often have you used this Southern train in your travels?

A. I use it approximately once a month. I have used it eight times so far this year, the last on June 16th, and I am going to use it tonight.

Q. Mr. Greer, will you explain for the record, if you have the choice in mode of transportation, why you have chosen these two Southern trains as your mode of transportation?

[fol. 647] A. Because they require no diversion of time, from business or essential personal purposes. In other words, I can leave the office right after work, and be at the station in time to get on a train going north. I then

have had a full day's work in the office. I can be in Washington for a full day's work or meetings there the next day, and board the train that night, and be back here for a full day's work the following day. I don't have to reconfirm reservations that one has on planes; once I get a round-trip reservation from this end, if I do it sufficiently in advance, I do have a ticket both ways. I can relax. When I get into Washington, I don't have to call up the airlines and reconfirm that I do have space, and I don't have to leave the previous night and rustle my baggage in and out of the hotel that night and the following morning. It is just much more convenient every way.

Q. Now, if you had to make the same trips, and I ask you if you could conveniently make these trips by other modes of transportation?

A. I could do it, but conveniently, no.

Q. Have you ever seen either of these two trains, Southern trains 13 and 16, advertised in any of the Durham local newspapers?

A. No, I have never seen them advertised anywhere.

Q. Have you seen any notice or had any notice of any discontinuance of the train?

[fol. 648] A. The only thing of that sort of a definite nature, or a semi-definite nature, was that when I returned from Washington on June 16, the conductor, the Pullman conductor, when he picked up my ticket, mentioned that "This car is going to be taken out of service on July 11th," and I didn't know whether to plan on this particular trip tonight.

Shortly after that, I later heard rumors that the railroad had changed its mind, so I went ahead and ordered a ticket.

Q. When you refer to "this car" you are referring to the Southern Railway Pullman car?

A. The Southern Railway Pullman car that leaves—on the Durham-Greensboro run. It is the car that starts in New York, goes down to Greensboro, and comes on over to Raleigh.

Q. Let me ask you, what if anything do you have to say as to the quality of the service and condition of the equipment on this train?

A. Well, I would say it hasn't been uniformly of superior service nature, but as it is, I prefer it to other modes of transportation.

Q. Thank you.

Mr. Bryant: You may examine him.

Cross examination.

By Mr. Dixon:

Q. Mr. Greer, do you think the Pullman conductor who told you the car would be discontinued on July 11th was confused by reason of the fact that this hearing on our application to discontinue the trains began on July 11th?

[fol. 649] A. I don't know, I don't know whether he was confused by that or not, I don't have any idea.

Q. You said you normally made 15 to 18 trips a year to places in the east; I take it that is a recent experience?

A. That has been my average over the past four years.

Q. How is that divided between rail and air?

A. Well, up to the present day, for this year I have made eight trips to that northeastern area through the June 16th trip, and all but one of them were by train.

Q. Would you say that is typical of the last year? What is the breakdown for 1960?

A. I would say that is typical.

Q. You make one by air to seven by rail?

A. That's right.

Q. Is military air transport available to you?

A. Only on international flights.

Q. You work for an agency of the United States Government?

A. That's right.

Q. But you were not sent here by them?

A. Not at all.

Q. Just came on your own?

A. Right.

Q. Do you ever go to Raleigh to ride the Seaboard? To and from the east?

A. I rode the Seaboard south to Florida in March, but

[fol. 650] I have never ridden the Seaboard to the north-east.

Q. Between Raleigh and the north—

A. Wait, I will correct that; I rode it on one occasion when I was on my own time, but I have never ridden it on business, to the north.

Q. What is the distance from your home in Chapel Hill to the Southern station in Durham, as compared to the Seaboard station in Raleigh?

A. It is just about 11 miles from my home in Chapel Hill to the other station in Durham; and it just about is 30 miles from my home to the Seaboard station in Raleigh.

Q. It is thirty miles from Chapel Hill to Raleigh?

A. Well, because Seaboard is on the other side of Chapel Hill from—in other words, the Seaboard station is on the other side of Raleigh from my home.

Q. Mr. Greer, air schedules are available in the evening from Raleigh, from Raleigh-Durham, to New York, so that you can get up there at a decent hour, and get a good night's sleep, and have the whole following day for your business affairs, isn't that true?

A. It is true; however, one has to allow time to get to the airport at each end, the airport in New York is rather far out, and the airport at this end would take me, I would have to allow certainly an hour to get to the airport, and by the time I get into New York and out of the airport and [fol. 651] into a hotel, I feel that I have done more work than I would have if I had just gotten on a train.

Q. But that is a feasible operation, if you want to do it, isn't it?

A. Oh, yes, it is feasible, oh, yes.

Mr. Dixon: I think that is all I have. That's all we have, thank you.

Mr. Bryant: Thank you.

Exam. Gibbons: You are excused.

(Witness excused.)

Mr. Bryant: Dr. Jorgensen.

WILHELM JORGENSEN was duly sworn and testified as follows:

Direct examination.

By Mr. Bryant:

Q. You are Dr. Jorgensen; would you please state your name and address for the record?

A. Wilhelm Jorgensen, 1111 North Duke Street, Durham, North Carolina.

Q. And what, Doctor, is your occupation?

A. I am a research physicist.

Q. With whom are you connected?

A. I am with the Army Research Office in Durham.

Q. How long have you been a research physicist?

A. Since 1937. I got out of the University, I got my degree in '37.

-[fol. 652] Q. From what university?

A. From the University of Washington, Seattle.

Q. With what organization are you connected at the present time, Doctor?

A. With the Army Research Office in Durham.

Q. And how long have you been connected with that organization?

A. In terms of its previous name, Office of Ordnance Research, I have been with them a little over four years.

Q. Have you lived in Durham during that period?

A. Yes, sir.

Q. Now, Doctor, would you explain the nature of your work, and particularly with reference to whether the work which you do requires you to travel any? I want you to explain first if your work does require you to travel.

A. Yes.

Q. Now, will you please answer as to the nature of your work, and what about it necessitates travel on your part?

A. The nature of my work varies somewhat from time to time, and over the years, but essentially in my capacity I evaluate research effort, and have been used in a consultant capacity with the Army. Prior to my coming here I was with the Chief of Research and Development for the

office Chief of Ordnance; and I worked in the capacity of advising on fire control, radar, and electronics, and supervising ordnance material development programs.

[fol. 653] Since I have been here, my work has varied over toward the basic research phase, but I am still used in a consultant capacity on various committees representing the Army on such things as the American Ordnance Association in their fire control efforts and their committees, Guided Missile Committee and the like, and these require that I occasionally travel to places between New York and Washington and various parts of the country.

When I travel to Washington or to places between there and New York, I almost invariably prefer the railroad, using the Southern facilities out of Durham. I have traveled quite a good deal by air as well, and I might say that my choice of air is somewhat controlled by the requirement for travel outside of Washington; in other words, if it is an air ~~travel~~ out of Washington, and it requires an air connection, I quite often take, go by air from Durham; but if I terminate my trip to some place between Washington and New York, I very much prefer to use rail travel out of Durham.

Q. Will you explain the last remark which you made, concerning reasons why you prefer rail travel outside of Durham for places between Washington and New York, over the use of the planes?

A. Predominantly because I can get on at night, I can spend a good night on the train, I can get to my destination in time for the business day following, without worry- [fol. 654] ing about getting hotel reservations for the night, particularly if it is a one-day affair, I can make my connections up and back without any extra inconvenience, and even if I stay over, I still prefer the rail, because I have yet to miss a significant conference or meeting because of my rail travel, whereas the only two times I tried air into New York, I am not sure it is the only two times, but I can certainly remember two successive times when I flew into New York, and flew around on top of New York and failed to make my meetings.

Q. On account of weather conditions or other plane conditions?

A. Yes, sir.

Q. How often do you use these Southern trains 13 or 16 out of Durham?

A. I didn't actually check this record myself, but I was told that I had 15 trips within the last year, and I have used it off and on for the last eleven or twelve years, and I might preface that by stating that before I came here, I was chief of the fire control section of the Research and Development, and as such I was associated with the fire control work that was being carried on here in Burlington.

Q. Dr. Jorgensen, do you have the opportunity of choosing your own mode of transportation?

A. Yes, sir.

Q. Please state whether or not you have appeared here today in your private capacity, or individual capacity?

[fol. 655] A. Yes, sir, I am on leave right now from my office.

Q. I would like to ask you this question; in the discharge of your duties as you have described them to be, and in the necessity for travelling, please state whether or not you could conveniently use any other mode of transportation rather than the one which you have described that you do use?

A. I have used other types of transportation, I have travelled quite a good deal in the last four years; I have even driven to Washington; but it is a tremendous inconvenience, it takes a tremendous amount of your time, and I did it only because of the fact that the other connections conflicted. There is no question about the fact that air travel has its place; on the other hand, there is a certain break into your day's work, and there is also the problem of not being sure that you will arrive at your destination when you want to be there.

Q. Dr. Jorgensen, would the removal of these two trains in the Southern Railway System work any inconvenience to you in your travel necessities?

A. Yes, sir, I feel it would very well, very much.

Mr. Bryant: I think that is all I want to ask of the doctor.

Cross examination.

By Mr. Dixon:

Q. Doctor, I am not sure that I understand the destinations to which you travel. I think I heard you say Washington and New York?

[fol. 656] A. Yes, sir, I travelled predominantly to Washington in these last four years, I travelled predominantly this way in the years prior to that, stopping at Burlington; I have had a few trips to New York, just a moderate number, and there I think it is a tremendous advantage.

Q. A tremendous advantage by rail?

A. Yes, sir.

Q. You said you had 15 railroad trips in the last year?

A. Yes, sir.

Q. Were they all to Washington?

A. I didn't really check them, but I don't think so. If I am not mistaken, I think within the last year I had one trip at least to New York and back. I can also, I am not a hundred per cent sure, but I also made a trip to Pickatinny Arsenal. I took a train to Newark, and transferred to Pickatinny in New Jersey, and then came back.

Q. During the same period, that is, the last year, how many trips by air have you made?

A. I don't have a count on those, but most of these air trips were trips to places like El Paso, Texas; Los Angeles; and the likes of that; where the trips were in continuation from here, I would have to hazard a guess, but I don't think I made more than five or six trips by air to Washington as such.

Q. Anywhere else, New York, for example?

A. I don't remember any trips by air to New York from here.

[fol. 657] Q. When you arrive by train from Durham to Washington, what do you do on the train's arrival in Washington?

A. I generally stay on the train.

Q. What?

A. I get the car that stops at Washington, if I at all possibly can, one or two occasions I was not able to get

that, and had to get off the car early; but I generally stay on the car until about 7 o'clock, and then get off and get breakfast.

Q. In other words, Doctor, you ride over to Greensboro—

A. On the train. I get on the train in Durham.

Q. You get on the train in Durham, ride over to Greensboro, and then you get off the train and get on another car that lays over in Washington?

A. That is predominantly so, when I go to Washington. On one or two occasions I have taken the car from Durham and then had to get off in Washington about four-thirty or five o'clock in the morning.

Q. Are you familiar with the airline schedules from Raleigh-Durham to Washington?

A. Reasonably so.

Q. Well, the timetable I am looking at shows 8 daily flights, and I notice there is one leaving at 6:15 p. m., and that is about the time the train leaves.

A. Yes.

Q. Not far from it. And this plane would get you in [fol. 658] there at 8:33 p. m. Does that sound about right? From here to Washington?

A. Yes.

Q. It takes about an hour and twenty minutes, something like that?

A. Yes.

Q. And then you could go to a hotel and bed down for the night, and get up the following morning all refreshed and ready for a full day's business?

And after completing your business, you could jump on a plane up there in the evening, and be home in an hour and twenty minutes. What is wrong with that?

A. I just don't like it. You have to get reservations in the first place, the problem of getting reservations is one thing that you run up against; the other one is that there is a certain amount of inconvenience to this; I prefer to ride the train.

Q. Well, there is a certain amount of inconvenience on the train in your case, because you have to get off the Durham Pullman at Greensboro, and probably shift around

there, and maybe that's where you eat your dinner; do you eat your dinner there at Greensboro?

A. I generally do.

Q. Uptown or somewhere?

A. Generally I take off away from the station, or eat on [fol. 659] the train.

Q. Then you have to move into another car, and if you don't do that, if you ride that Durham-New York car, you have to get off around four o'clock in the morning?

A. I agree to that.

Q. That is inconvenient, too, but you think that is less inconvenient than the airline?

A. Yes, sir.

Mr. Dixon: Yes, sir, thank you, that's all I have.

Redirect examination.

By Mr. Bryant:

Q. When you eat on the train, do you take a picnic basket with you? Or is there diner service on the train?

A. There was one train that had dining service on it.

Q. You mean after you left Greensboro?

A. Yes, sir.

Q. No dining service on the train from Durham to Greensboro?

A. No, sir.

Q. And none at the Greensboro station?

A. No, there is none there, either.

Exam. Gibbons: Doctor, did you identify yourself as being a Government employee?

The Witness: Yes, sir, I am a Government employee.

Mr. Dixon: Mr. Examiner, I think he testified he came on his own, and was not called by a Government agency. [fol. 660] Is that right?

Mr. Bryant: He did so testify.

Mr. Dixon: That's what I thought.

Exam. Gibbons: The witness may be excused.

We will take a brief recess at this point; we will take a five-minute recess.

(Witness excused.)

(Short recess.)

Exam. Gibbons: Back on the record.

Mr. Bryant: Dr. Sherwood Githens.

SHERWOOD GITHENS was duly sworn and testified as follows:

Direct examination.

By Mr. Bryant:

Q. Will you please give your name and address for the record?

A. Sherwood Githens, 4427 Chapel Hill Road, Durham.

Q. Dr. Githens, what is your occupation?

A. I am a physicist.

Q. And with whom are you connected?

A. The Army Research Office in Durham.

Q. Are you here today in your individual capacity, or as a representative of the Army Research Department?

A. In my individual capacity.

Q. Where is your office located?

A. On the Duke University campus.

[fol. 661] Q. That is of course in Durham; and how far is your office from the Southern passenger station in Durham?

A. It is a little over a mile; I think, from the office.

Q. How long does it take to get from your office to the passenger station by automobile?

A. Roughly ten minutes.

Q. How long have you lived in Durham?

A. Nine years.

Q. How long have you been connected with the Department of Ordnance Research?

A. The same time, nine years.

Q. Will you tell for the record, please, the nature of your duties and particularly as to whether or not your duties require you to do any traveling; if so, explain the nature of the required travel.

A. My duties as a physicist are entirely administrative in nature, and during the first six years of the nine-year

period that I cited, I was in the Physics Division of our office, which principally is engaged in reviewing proposals made by University professors all over the United States for research which they would like to do at Army expense; and to carry out all the acts subsequent to reviewing these proposals, through to the point of financing, monitoring them, and terminating them at the end of each project; in the last three years, my work has changed somewhat, so that in the last three years I have been more directly concerned with the research carried out within the eleven or twelve research establishments of the Ordnance Corps of the Army, these being located principally on the eastern seaboard between Boston and Washington.

Q. As I understand it, these research projects are diffused in different sections of the country?

A. The University ones are, all over the United States. The Army projects that I am concerned with, while they are scattered, in addition to being on the eastern seaboard we do have arsenals in Detroit, Rock Island, Huntsville, White Sands, and so forth.

Q. Where is the head of the Army Ordnance Corps?

A. The Pentagon.

Q. In Washington?

A. In Washington.

Q. Do reports have to be made by you and others in the Ordnance Corps to the Pentagon in Washington?

A. Yes. I need to report and go for conferences in Washington with some frequency.

Q. And all the conferences and some of the reports which you make require your presence there?

A. Yes.

Q. In the Washington area?

A. Yes.

Q. Do your duties—strike that question. Does the discharge of your duties require you to visit points other than Washington on the eastern seaboard?

A. Yes, sir. Aberdeen, Philadelphia, Frankfort Arsenal, Pickatinny, which is not far from Newark, and then of course we also go to Springfield and Watertown, which is—

Q. Dr. Githens, do you have the determination of your mode of transportation when you visit these places?

A. It is our responsibility and our right to choose the best method to suit both our interests and those of the Government.

Q. And the determination of your mode of transportation, what mode of transportation have you chosen? In your necessary visits to these cities on the eastern seaboard, to and from Durham?

A. For some years now, I have chosen to use the train whenever possible, whenever there was a train at the right time, specifically these two trains that are under discussion, those being the only two that are really convenient to my use.

Q. These two trains to which you refer are No. 13, which leaves Durham in the late afternoon, at 5:55, I believe, going to Greensboro, and No. 16, which comes into Durham from Greensboro at approximately 7:30 in the morning; is that correct?

A. 7:55; I stand corrected on that.

Q. Is there any other rail passenger service in or out of Durham?

A. No passenger service.

[fol. 664] Q. Other than these two Southern trains, Nos. 13 and 16?

A. That is right. There are six railroad companies, but only one that carries passengers.

Q. If these two trains were eliminated, the City of Durham would be completely without any rail passenger service?

A. That's right.

Q. Well, will you explain for the record why you have chosen these two Southern trains as your mode, your most frequent mode, of transportation in and out of Durham?

A. The reasons are several, and they are interlocked with each other. Of course, the principal reason is that this service is the most economical from the standpoint of conservation of working time; another reason is that the relative reliability of the service; only once has a train let me down with respect to arriving at the other end in time for a meeting; only once in all these years, and that was because of a blizzard; everything was stopped.

Q. And—

A. (Continuing) Also, whereas in my earlier years I did fly fairly frequently between Washington and Durham, and between New York and Durham, and so on, the service has deteriorated in several respects; that is, the air service.

Q. Explain what you mean by that statement.

A. The northbound flights out of Raleigh-Durham are, on the several occasions that I have used them on a longer [fol. 665] distance flight, I have been reasonably on time; southbound, however, particularly out of Washington, we run into delays, and I have on several occasions several years back sat in the airport for indeterminable times, and the schedule has been changed so that whereas seven or eight or nine years ago there were three or four flights at very convenient times, in the early evening, from Washington to Raleigh, the flights are not now quite so convenient, and in addition to that I find that being cooped up in an airplane with a blast of air blowing in your face in order to have fresh air, unable to move around for indeterminable periods of time, seemingly, is very annoying, plus all the transfers that one has to make, baggage and so-forth, and I just find in addition that in regard to convenience and time-saving, I much prefer to get on the train within a few miles of my home, and get off the train there, and be able to have no worries, once I have my tickets and my reservations; I am all set.

Q. Do you find by taking the Southern train out of Durham in the late afternoon that you can get to Washington or New York in time to transact a full day's business?

A. Yes, it is easy to get to the Pentagon by eight or eight-thirty, or to New York by approximately the same time, not in the summertime, of course, because of daylight saving time interfering to some degree; but one can make his appointments with reasonable earliness at the other end.

[fol. 666] Q. Do you also find that it will be possible at the end of your business day, either in New York or Washington, or some of the arsenals, to return to Durham in time for a full day's work by the use of Train No. 16?

A. Yes. Many times I have come back at night and gone directly to the office in the morning, without going home, and go right straight to work, and work all day long, and go home that night.

Q. Doctor, have you made any observations with regard to the type of service offered to the railway, that is, by the railway, the Southern Railway, on these two trains, Nos. 13 and 16?

A. In general, I am happy with the service, I don't want it discontinued, and I don't want to make any complaints which would be interpreted to mean that we didn't want the service; it is just the other way around; I do want it; but there have been occasionally some thing happening which were a little aggravating. On two occasions in the last month or two, I got on the train at the Durham station and found the car very hot as the result of not having been pre-cooled, and one of those occasions, the lights wouldn't go on until after the train pulled out of the station; in other words, the battery apparently was so flat that it took the generator to revive the lighting system.

There are other little inconveniences, but nothing serious; as far as coming from Washington southbound, in order to get an extra half-hour's sleep, I have been following the practice of walking out of the end of the track on which [fol. 667] the New York train comes in, and of late the Pennsylvania Railroad has been running, particularly on Friday nights, so many day coaches on that train that you have to get on a day coach and walk through one or two day coaches until you can get out to where the sleepers are, they are way out on the switches; the cars and trains, I find, are very long nowadays. Last time I went into Philadelphia in the morning, there were 25 Pullmans on the train.

The last time I came down from Washington, there were about 22 cars on the train, and one Pullman, the Southern Pullman, was on the tail end, and when we got to Greensboro, we had about something like 22 or 23 cars on the train then; by the time the Peach Queen pulled out southbound, and we were ready to come over here to Durham, there were 21 cars on that train; so they are running very long trains. It didn't hurt me any, but when the 25-car train went northbound out of Washington, the locomotive engineer had to make two stops at several stations in order to let people get off at the platform.

Q. In spite of all that, however, you say that you still find the use of this train much more convenient and preferable to any other mode of transportation that you could choose?

A. Absolutely.

Q. Dr. Githens, some question has been raised about the question of whether there is any difficulty in obtaining reservations on Trains 13 and 16. Do you know anything [fol. 668] of your own personal observation about that, and if so, will you tell us?

A. As far as my own travelling is concerned, I think I have been fortunate enough to have been able to plan my trips sufficiently in advance so that I personally have usually had a return reservation before I left Durham. There have been one or two occasions when the ticket agent sent a note out to the office, and said, "Please stop by the desk when you come down to go, and I will give you the space then," and I have always gotten it then at the last minute, just before leaving the station.

I personally have had no trouble of that sort. Now, other people have reported to me that they have, but that would be hearsay.

Q. Do you know of your own knowledge whether there has been any failure to disseminate information in New York and Philadelphia as to the availability of a Pullman car from those points to Durham?

A. A year or two ago, I was waiting for the train in the 30th Street Station in Philadelphia, and I noticed at that time that over the ticket seller's desk there are some illuminated signs with little lights around them, which describe the Pullman accommodations to the various places and the space available on different dates, I think that's roughly what these signs are, to various cities. I took particular notice to see if the Raleigh-Durham car was on that board, and I didn't see it there.

[fol. 669] Q. Dr. Githens, how often do you ride Trains 13 or 16?

A. In the last three years I have averaged about twenty trips per year.

Q. Dr. Githens, do you read the Durham papers?

A. Yes, we subscribe to them, and we read them.

Q. Have you seen any advertisements in the Durham paper by the Southern Railway Company about these trains?

A. One. I have it with me.

Q. You have that with you?

A. Yes.

Here it is. You see the date is on the back.

Q. What is the date of this, please?

A. It came out on the 8th of January of 1960, that is a year and a half ago.

Q. Is this statement with reference to the change in the departure time of Train No. 13 from Durham?

A. Yes. It states that a new arrival time in New York is 8 o'clock, and a departure time from Durham is 5:55.

Q. And you say that is the only one that you have seen in the Durham paper with reference to this train?

A. With reference to passenger service.

Q. Have you other advertisements with reference to the Southern Railway System which appeared in the Durham paper?

A. Yes, sir, there have been a number of advertisements by the Southern Railway in our paper, and I have two of them here.

[fol. 670] Q. Have you; one of them, I believe, is in the issue of Thursday, May 18, 1961?

A. Yes, that's right.

Q. Was there also in that same edition of the paper an advertisement by Eastern Airlines?

A. There was, sir.

Q. Do you have both of those with you here?

A. Yes, sir. That is on a different date.

Q. What is this advertisement here?

A. This is another Southern Railway advertisement, and unfortunately I do not know the date, but it was a different time than this.

Q. Do you know approximately when it was?

A. Some time in the last two or three years.

Q. Can you be more definite than that?

A. Well, I found it in my file a few days ago, and I note, I know that I put it there some time in the last two years.

Q. Now do either of these two advertisements, one

which you say you do not know the date of, and the other, the Southern Railway System advertisement in the issue of May 18, 1961, do either of those mention any passenger service whatsoever?

A. Not a word.

Q. I would like to ask you to mark as identified—

The Witness: I don't believe we described this one.

By Mr. Bryant:

Q. I ask you to refer to the Eastern advertisement which [fol. 671] appeared in the same edition, May 18, 1961, and ask you if that makes any reference to passenger service?

A. It is entirely about passenger service, and it says, "New Things are Happening at Eastern Air Lines, How we Took the 'Wait out of Baggage'", and so forth.

Q. And that does make reference, you say, to passengers?

A. Yes.

Mr. Eisenhart: May I look at this?

Mr. Bryant: Certainly, Mr. Eisenhart.

By Mr. Bryant:

Q. What is the comparative size of the first advertisement with reference to the change in the hour of departure of the train, as compared to the other two advertisements inserted by the Southern Railway, which you say make no reference to passengers?

A. One is about six times bigger than the other.

Q. Give us the approximate dimensions, if you could.

A. The change of time advertisement is about 3½ by 5 inches; the other one is about 11 by 15, in round figures.

Q. That is the one in the issue of May 18, 1961?

A. And likewise the other one.

Q. One is unidentified as to date, and is approximately the same size?

A. Exactly.

Q. Would you say as to the size of the Eastern Air Lines advertisement in the issue of May 18, 1961?

[fol. 672] A. It is identical in size with the Southern ad.

Q. I would like, if Your Honor please, to ask that these four advertisements which the witness has referred to, be marked as identified, sir. You have seen these.

Mr. Eisenhart: Mr. Examiner, may I ask, I assume that Mr. Bryant proposes to offer them into evidence at some time?

Mr. Bryant: I do.

Mr. Eisenhart: I have no objection to their being offered into evidence, providing we have some sort of a copy of them, and I only request that because of the need for having a complete file, if we write a brief, or if we get into Court, and so forth. Undoubtedly if we knew which they were; we would be able to find a copy; but I think that we are entitled to a copy.

Mr. Bryant: I will agree to furnish Mr. Eisenhart a copy.

Exam. Gibbons: Would you indicate to the Reporter which ones—

Mr. Bryant: The one I propose to offer first is the one dated January 8, 1960, making reference to the departure time of train No. 16, as being 5:55, and that will be assigned H-20.

Exam. Gibbons: H-20.

Mr. Bryant: The second which I desire to offer is what has not been identified as to date, and entitled "Working Together for the South's Continued Progress". I assume that will be H-21.

Exam. Gibbons: H-21.

[fol. 673] Mr. Bryant: The third one is identified as being contained in the issue of Thursday, May 18, 1961, and bears a notation, "Highlights of 1960, Southern Railway System", and that I assume will be H-22.

Exam. Gibbons: H-22.

Mr. Bryant: And the fourth one is the Eastern Air Lines advertisement in the issue of May 18, 1961, which will be, I assume, H-23.

Exam. Gibbons: That may be marked as H-23. I am just a little curious as to why you wanted the Eastern Air Lines advertisement a part of the record in this case?

(Protestants' Exhibits H-20 through H-23, Witness Githens, marked for identification.)

Mr. Bryant: May I be heard on that for a moment, sir?

Mr. Burns: I think these are put in more at my request than Mr. Bryant's request. The reason I want that in there is to show that Eastern Air Lines is actively competing, or trying to compete with anybody for passenger service. Southern Railway is advertising its freight business, and not its passenger business; and that the two articles speak for themselves in showing who is going after the passengers.

Exam. Gibbons: Are you going to furnish us with photostats of those exhibits?

Mr. Bryant: Yes, Your Honor.

Mr. Burns: If we can take these out of the file long [fol. 674] enough to have copies made.

Exam. Gibbons: How soon could that be done? Could that be done by tomorrow? Tomorrow noon?

Mr. Bryant: Yes, sir, I think so.

Mr. Burns: We will have them before we recess.

Exam. Gibbons: I don't know how many copies are necessary for all of the parties, but we would want one for our official record, and I would want one for my personal files, and one for the railroad, or whatever the other parties want.

Mr. Bryant: We will file the original and two photostatic copies for the Court, and one photostatic copy for the Southern.

Exam. Gibbons: We only need one for the official record.

Mr. Bryant: Well, the original, one photostat for the Court, and one for the Southern.

Dr. Githens, I desire to ask you this question; have you any further testimony with reference to either the convenience, your convenience, in the discharge of your duties, or the necessity in the discharge of your duties, for the continued operations of Trains No. 13 and 16?

A. To maximize my ability to discharge my duties, these trains are really valuable, and I would be inconvenienced if they were not available.

Mr. Bryant: You may examine.

Cross examination.

By Mr. Dixon:

Q. Doctor, I don't know whether Mr. Bryant asked you if [fol. 675] you were with a Government agency, and whether you had been sent here by the agency or whether you are on your own; could you clear me up on that?

A. I do work for the Government, but I am here entirely on my own.

Q. You said in the past three years that you had made 20 trips over the Southern per year. Were they round trips or one-way trips?

A. One way; I mean the total of three years tallies up to about sixty one-way trips.

Q. So this is actually, when you said twenty trips per year, that meant ten round trips per year?

A. There have been occasions, you see, the reason why I did it that way, there were occasions when I combined a trip to Washington with trips to some other place, and make a two or three day run, and might use air in one direction, because obviously for great distances the air is the logical thing to use, if you are going to Chicago for example.

Q. It is either 10 round trips or 20 single-way trips per year?

A. Average.

Q. Does your travel to Washington predominate?

A. In the last two years it has, but previously it did not, because of the change of the nature of my duties.

Q. Just roughly, what percentage would be the Wash- [fol. 676] ington travel of the total?

A. Again, as I say, I would have to estimate, and it would be only in the last year or two, because my duties have gradually swung in the direction of needing to go to the Pentagon to a greater degree. I would say that in the last year, for example, probably three-fourths of my trips have been to Washington, and the other fourth have been other places along the eastern seaboard.

Q. Now, in getting to Washington on 13, do you ride the Pullman car over to Greensboro, or the coach?

A. I ride the Pullman to Greensboro, and I have in the last year been riding Car 30, which was discontinued, I understand, into Washington.

Q. Is that the car that stopped in Washington?

A. Yes.

Q. And you don't know what your situation is going to be in the future as to that?

A. Since Car 30, do you mean with respect to my duties, or travel?

Q. How you are going to get there.

A. I will have to quote hearsay, I mean I have heard in the last couple of days that there is a sleeper in the Crescent which detaches in Washington, and that it will be available; however, I am keeping my fingers crossed, to be perfectly honest with you, because we tried to use L-28 three [fol. 677] or four years ago, when Car 9, the old antique that used to run until last June out of Greensboro, we tried on a number of occasions to get reservations on L-28, which terminates in Washington, or at least it has been, I don't know how it is right now, because I haven't checked the schedule in the last few weeks; but we used to have trouble getting space in advance, even though we requested it several days in advance on L-28; I think that matter fortunately was very nicely taken care of two years ago after the previous hearing, because an arrangement was made so that between that time and the change that was made from Car 9 to Car 30, we were able with no trouble at all to get space on L-28 most of the time in advance, by reservation.

Q. And by transferring over from—

A. Coming back, though, we used this Car 34, the New York car.

Q. When you saw that the Raleigh-Durham car was not listed on the board in the 30th Street Station in Philadelphia, did you say anything to any of them about it, or ask them why it wasn't listed?

A. No.

Q. You did not?

A. No, I didn't make any comment.

Q. That was a board for public information, didn't you say, over the windows?

A. Yes, sir, they have a very tricky arrangement over [fol. 678] the windows for the general public to look at. This is a semi-circular place with a whole bunch of ticket agents in it, and I am referring to the signs that are, oh, ten feet off the ground, and illuminated with little lights; I don't remember the exact details, but that is essentially it. It is a form of advertisement of the available space in the future on various Pullman cars.

Q. How long has it been since you travelled to Washington by air?

A. Well, I went to Madison, Wisconsin; let me think a second; on my Madison trip I went to Greensboro, and up by air, it has been a long time, it has been months since I have gone into Washington by air; I don't know, let me think a second. I make so many trips, it is hard to remember, but I believe it has been three or four months anyway since I have gone to Washington by air; I have gone by air to other places in the last few months.

Q. How does your air travel compare in volume with your rail travel?

A. Dollarwise?

Q. No, I was thinking of trip-wise.

A. It is my, it is minor right now, because you see my duties in the last year or two, as I have said, are concentrated, preponderantly, at these ordnance arsenals which are readily available by rail, as long as these trains continue to run.

[fol. 679] Q. Do you travel on per diem?

A. Yes, sir.

Q. Does that have any bearing on the fact that you like the railroad in preference to the air lines?

A. No, sir, as a matter of fact, my per diem is less when in transit than it is on the other end; it is \$9 versus \$12.

Q. It is less when you travel by rail than by air, too, isn't it, or at least, you have less out of pocket when you travel by rail than air?

A. There are certain special cases here, now, wait a minute; the quarter day that you are in transit, according to the present Governmental travel regulations, the quarter day that you are, in transit, or fractions thereof, you receive one-fourth of \$9; and for the number of quarter days

that you are in residence, at your destination, on business, you receive one-fourth of \$12; for each quarter day while there; so if you do travel by train it takes a little bit longer, just as I say, your per diem is scaled down somewhat.

Q. And you are out of pocket less, your out-of-pocket is also scaled down too, isn't it?

A. Sir, it doesn't make much difference, really, there is no material difference; you say out-of-pocket loss?

Q. Yes, your extra expense that you are put to, as compared to what you get back from the United States Government. It is my understanding, in fact it is rather notorious [fol. 680] around Washington, that the present per diem rates are not adequate.

A. I see what you mean.

Q. Assuming for the purpose of the question that the present per diem rates are not adequate, and I wish that were otherwise, you incur an out-of-pocket expense, along with a lot of other government people, when you travel; now, having those facts in mind, if you left Raleigh-Durham for Washington on the 6:15 p. m. flight, you would get up there at 8:33 p. m., you would go to a hotel and rent a room. The following morning, you would have your breakfast, and work all day, have your lunch, your dinner, and you would fly back that night; you would need a hotel; that is important; if you went on the train, your two nights' hotel would be included in your transportation, is that not so?

A. The berth price is included with the first class fare, that is correct.

Q. So actually, doesn't that help you out on the per diem situation?

A. Well, yes, it does, in that respect; from the standpoint of the Government, however, there isn't much difference made; I mean to say that you have other expenses if you travel by air, such as limousine and that sort of thing, so really it doesn't make too much difference from one point of view, but it does make a little difference for the traveller.

This of course applies particularly on a very short trip. [fol. 681] Q. On your Washington trip, is what I had in mind.

A. If one goes on a trip of longer duration, then things even up more.

Q. That would be generally true, though, with respect to New York travel, would it not?

A. Essentially the same thing would apply, the same along the line between Washington and New York; that's correct.

Q. Doctor, are you associated with Colonel Leist or Dr. Leist; no, it is Colonel Leist? He testified in the hearing before the North Carolina Utilities Commission?

A. Yes.

Q. Where is he now?

A. In the Pentagon.

Q. How long has he been there?

A. I think he was transferred there last, approximately the first of August of the last year. He has been there now eleven or twelve months.

Q. Does he have anything to do with your kind of work in Durham?

A. Very much so, though at the moment our office is no longer associated with him directly.

[fol. 682] GEORGE PARKS was duly sworn and testified as follows:

Direct examination.

By Mr. Bryant:

Q. Mr. Parks, will you state your address and name for the record, please?

A. My name is George Parks, 2710 Stuart Drive, Durham, North Carolina.

Q. Mr. Parks, what is your occupation?

A. I am an executive.

Q. With what company?

A. Golden Belt Manufacturing Company.

Q. What is that, please?

A. It is a totally-owned subsidiary of the American

Tobacco Company, which makes cotton cloth, cloth bags, prints cigarette labels and cartons.

Q. How long have you been with the Golden Belt Manufacturing Company?

A. Approximately 24 years.

Q. What is your capacity with the Golden Belt, what particular type of work do you do?

A. My title is president, and I have all the duties and responsibilities implied by that title.

Q. Are you connected with the Durham Chamber of Commerce in any way?

A. I am a member of the Board of Directors of the Chamber of Commerce.

Q. Are you a member or chairman of any committee of the Durham Chamber of Commerce?

A. I am chairman of the committee in connection with Trains 13 and 16.

Q. I ask you whether or not at my request you have prepared or had prepared a statement with reference to the City of Durham for the Chamber of Commerce, with reference to these trains?

A. I have prepared such information.

Q. And do you have that with you?

A. Yes, sir.

Mr. Bryant: If Your Honor please, I do not have additional copies of this. I would like to ask you, please, if you would read the statement which you have prepared.

A. Durham, North Carolina, is located in the central portion of North Carolina, approximately in the center of the South Atlantic states, an equal distance between Atlanta and New York. Durham is 125 miles east of the Blue Ridge Mountains, and 125 miles west of the Atlantic seaboard. Durham is the only city in Durham County.

Durham has an area of 21,997 square miles, and the 1960 census indicated a population of 78,302. The metropolitan population of Durham is 111,995. Durham is the 5th largest city in North Carolina, and has enjoyed a constant growth since 1900.

Durham has over 135 industries which manufacture cigarettes, smoking tobacco, sheets and pillow cases, proprietary

medicines, hosiery, flour, corrugated fiberboard containers, wooden boxes, furniture, roofing, lumber products, fertilizer, mattresses, meat packing products, packaging machines, rock crushing and asphalt (North Carolina's largest), foundry and machine/shop products, livestock feed and seed cleaning, clay and cement brick, concrete, marble faced and cinder blocks, precision instruments, precision motors, electronics, components and accessories, business form, bakery products, venetian blinds, foods, nylon and—

Mr. Bryant: May I interrupt you just a moment? If Your Honor please, Mr. Dixon has suggested to me that they would permit this to be copied into the record without objection, and ask no questions about it, and in view of the fact that we have two other witnesses here who would not [fol. 685] be available tomorrow, we can follow your Honor's judgment and wishes, ask Mr. Parks to read this, it is comparatively short, or whether we have it copied.

Exam. Gibbons: I think in the interests of time, that it may be copied into the record as if read by the witness, and if there are no questions, the witness may be excused. Did you have any questions on this?

Mr. Dixon: No questions.

Mr. Bryant: I do have a question that I wanted to ask, some additional questions, and you may want to cross examine him about this addition.

By Mr. Bryant:

Q. Mr. Parks, is there any rail passenger service in and out of Durham other than these two trains, Nos. 13 and 16?

A. No, sir, there is none.

Q. Have you used these trains yourself in your business?

A. Yes, I have made a good many trips on these trains, to and from, mostly, New York.

Q. Have you had the opportunity to choose your own mode of transportation when you did that?

A. I only, I always choose my mode of transportation.

Q. Will you state for the record why you have chosen these trains 13 and 16 for use in your travels to and from New York?

A. I find it convenient. You can get to New York overnight, in time enough to get in a full day's work, and the [fol. 686] train leaving from New York in the early evening gives you plenty of time after a day's work to get on the train again. I find relaxation on the train, and we usually have some spare time in going from Durham, frequently there are some things that you want to review before you get into New York, and I find it convenient to use that time.

Q. Mr. Parks, have you had occasion in your business to look for locations for locating portions of your business?

A. Recently our company was interested in expansion of its printing department. Three locations were considered, two in North Carolina and one in Virginia, and the location finally decided upon was Reidsville, North Carolina. One of the considerations given to that location was the availability of rail service, both freight and passenger service. That is on the main line. Since that time, since that decision, we had occasion to review with the underwriters some problems in connection with plant protection, and two men came down on the Southern, one from Boston, Massachusetts, and one from New York, to Reidsville, where I met them in connection with our expansion program.

Q. Please state whether or not the availability of rail passenger service has anything to do with enabling that community either to locate or retain its industries.

A. As part of the personal experience just related, I believe passenger service is essential to growth of any community. [fol. 687] You can do a great deal more effective work by personal contacts than you can by telephone or other communication media, and I feel like travel is essential, and I feel like train service is essential to growth and development of any community.

Q. How would you relate that to growth and progress of the city of Durham, Mr. Parks?

A. It is hard to put any actual statistical yardstick, but I feel like it has been very instrumental in Durham's growth and development up to this point, and I believe the need for it is greater now than ever, with the expansion possibilities that we have in the area.

Q. Will you state, please, what you mean by the need for it now being greater than ever?

A. Durham is growing, there are some new industries coming to Durham, with the development and growth of the Research Triangle, it will mean more people coming to Durham, and certainly many of them would want to come by train, and need to come by train.

Q. And the paper which has been made a part of the record, in that you state the fact that branches, large branches of the American Tobacco Company and the Liggett and Myers Tobacco Company are located in Durham. Where are the home offices or the main offices for those two tobacco companies?

A. New York.

[fol. 688] Q. And do you know whether any of the officials of those companies, or any of the employees of those two tobacco companies, use these trains in going to and from New York?

A. I don't know first-hand how much Liggett and Myers uses them, but recently there was an auditor from our New York office that came down on the train, he much prefers the train, and he wanted to go back on the train, but he was not able to get reservations. On Thursday afternoon prior to his leaving on the Friday evening train, application for reservation was made by telephone for a bedroom. There was no information that came out of the office, so about between one and two o'clock on Friday, which was 24 hours after the application for reservations, no information had been received. In order to get home that evening, and he had been away from home for two weeks, and was anxious to get back, he cancelled his reservations and took a plane.

Q. Mr. Parks, I failed to ask you how frequently you yourself use these trains 13 and 16?

A. I usually find it necessary to go to New York three to five times a year, and during the ten years of my office as president, I have used trains most of the time.

Q. Mr. Jones calls my attention to one thing, you said this official of the American Tobacco Company cancelled?

A. He was not an official, he was an employee.

Q. Did the auditor cancel the application for the reservation?

[fol. 689] A. He never got the reservation, he had to cancel his application.

Mr. Bryant: I think that's all I want to ask Mr. Parks. Oh, just one question.

By Mr. Bryant:

Q. I believe Mr. Watts Carr, Jr., is the president of the Durham Chamber of Commerce, and he is at the present time out of the city, and will be for several days, will he not?

A. That is correct.

Mr. Bryant: That's all, thank you. That's all that I want to ask you.

Cross examination.

By Mr. Eisenhart:

Q. Mr. Parks, it is your testimony, I believe, that you feel that passenger train service, I don't remember if you said desirable or helpful or necessary; to expansion of the community?

A. I think it is all three.

Q. Has Durham expanded any, population-wise, by industry in the last ten years?

A. By growth of the existing industries there has been expansion. The growth in population has been about 10,000 increase from 1950 to 1960 census, from my recollection.

Q. What has been the experience as far as passenger train service at Durham during that period is concerned?

A. Based on statistics that I have read, that has decreased until this year. I understand your passenger service is up about fifty per cent over last year.

Q. How about the number of trains, passenger trains, being operated through Durham?

A. That has decreased. There were four several years ago; I don't remember, but two were discontinued; now there are, there is one in each direction, per day.

Q. You have been in Durham for 25 years or so?

A. Approximately 24 years.

Q. When you were in Durham 24 years ago, do you recall how many railroads operated a passenger service in Durham?

A. I do not, I believe there were two, to my recollection. Norfolk Western services were discontinued several years ago, even prior to the time that Southern took off two of their trains.

Q. Would you know how many passenger trains were operated altogether, regardless of who operated them, when you went to Durham?

A. I don't know.

Q. Has Durham had any expansion that either you or your Chamber knows about, in the last two years?

A. There have been several industries that have come to Durham since that time, I believe the Crookskill Curtain Company came to Durham about two years ago, then the Durham Drapery Corporation, and there is another industry [fol. 691] that is getting set up, that is getting ready to get into production now.

Q. Do you personally have anything to do with the solicitation of industry to locate in Durham or expand in Durham?

A. I do not.

Q. So you would have no—strike that. You make three to five business trips a year to New York, I believe you said?

A. Yes, sir.

Q. I believe you said that most of the time you went by railroad train?

A. That's correct.

Q. How do you go the other times?

A. I have been some by air, and I have been a time or two by automobile.

Q. What governs your preference?

A. Convenience, usually, and other factors; at times I have gone by automobile; I have had some intermediate stop-off points, for which automobile transportation was more convenient.

Q. What is the convenience of the railroad as related to the convenience of air travel?

A. I prefer the railroad because it has, it is a more relaxing trip, you have some time on the train, and I am speaking purely of getting on in Durham, you have some time in the evening before you want to retire, for reviewing information and things that you would want to consider; and you get in New York in time to get in a full day's activity of business.

[Vol. 692] Mr. Eisenhower: Thank you, sir.

Mr. Bryant: Thank you very much, Mr. Parks.

(Here is copied into the record Mr. Parks' prepared statement, as authorized by the Examiner:)

The Witness: (Continuing statement at point interrupted by Mr. Bryant) Durham has . . . "nylon and rayon refinishing, poultry processing, surgical instruments, cloth bags, lumber handling machinery, printing, synthetic yarns, draperies, and curtains.

"The large tobacco industries manufacture such well known brands as Duke's Mixture smoking tobacco, and 18 brands of cigarettes, including Chesterfield, Lucky Strike, Pall Mall, Tareyton, L & M and Dukes. 19% of the nation's cigarettes are made in Durham.

"The 1958 U. S. Census for Durham reports a total of 141 wholesale establishments employing 1,462 persons. Annual sales were found to be \$85.6 million dollars and the annual payroll was \$5.4 million dollars.

"While Durham cannot be considered an agricultural county, we nevertheless have over 1600 farms valued in excess of \$10 million dollars. Chief agricultural crops are tobacco and corn. Durham borders on the South-Atlantic cotton, fruit, and vegetable producing sections. Poultry and cattle raising have become major industries in recent years.

"Durham is in the greatest tobacco growing area in the [fol. 693] world. During the 1960 Tobacco Market season, 42,868,226 pounds of tobacco were sold in Durham warehouses for a total dollar value of \$26,192,912.17. 28.2% of all the tobacco sold last year in the Middle Belt market was sold in Durham.

"Additional diversification of Durham's economy is found in life, fire and hospital insurance companies located here.

Four large companies with offices in Durham are Home Security Life Insurance Company, Hospital Care Association (Blue Cross), North Carolina Mutual Life Insurance (Negro) and Bankers Fire Insurance Company (Negro). The Department Office of the Crum and Foster Group of insurance companies is also located here. The main headquarters of the General Telephone Company of the South-east is also located in Durham.

"The Research Triangle Park of North Carolina, located approximately five miles east of Durham, is one of the nation's newest planned developments for industrial and governmental research. The park, over 4,600 acres in size, is in the center of the Research Triangle area of the state formed by Duke University at Durham, North Carolina State College at Raleigh, and the University of North Carolina at Chapel Hill. The Research Triangle Institute and Chemstrand are presently located in the park, and the Dreyfuss Foundation and U. S. Forestry Department research building are under construction. It is conservatively estimated that there will be over 30,000 persons working in the park area within 20 years.

[fol. 694] "Durham is also one of the Southeast's leading educational centers as attested by the fact that Duke University and North Carolina College (Negro) are located in Durham. In addition to the economic and social impact of these institutions, several research facilities such as Army Research Ordnance-Durham are located on the Duke University campus.

"Durham is the south's chief medical center. In addition to the hospital and medical school located at Duke University, Watts Hospital (Public, white), Lincoln Hospital (Public, Negro), McPherson Hospital (private, eye, ear, nose and throat), North Carolina Cerebral Palsy Hospital, and the Veteran's Administration Hospital are also located in Durham. The chief State Mental Institution (2400 beds), training school for the mentally retarded, N. C. Rehabilitation Center for the Blind, and alcoholic rehabilitation (voluntary treatment) are located at Butner, 12 miles north of Durham.

"Durham is rapidly becoming one of North Carolina's major convention centers. Durham is presently serving

over 50,000 convention delegates annually, and this figure is expected to increase during the next few years. New motel facilities are, as well as major improvements to the Jack Tar Durham hotel, assure Durham's future role as a major convention center.

"In addition to the schools of higher learning Durham has several business colleges and three private schools. The public schools of Durham are constantly progressing.

[fol. 695] "Durham is known as the sports center of the South. Considerable interest is shown in Inter-collegiate football, baseball, basketball, track and golf. Indicative of this interest is the Duke University stadium with accommodations for 57,000 and an indoor stadium which accommodates 12,000.

"Durham is the home of the Durham Bulls professional baseball team. This team is a member of the Carolina League. Professional wrestling is also enjoyed in Durham.

"Many recreational advantages are available in and around Durham. The city provides many facilities, such as 10 community recreation buildings, 5 swimming pools, 14 tennis courts, 14 athletic fields, 19 city playgrounds, 12 basketball courts, picnic areas. There are four 18 hole golf courses and two nine hole courses in addition to several bowling arenas.

"Cultural activities are prevalent in and around Durham. Duke University offers many exhibits, concerts, and theatrical productions of interest to many.

"Durham is a growing and prospering community. An indication of this is the fact that in 1960 1,339 permits for building were issued. These permits represented a value of \$15,671,393.

"There are two daily newspapers and several weekly newspapers. Durham also enjoys 4 radio stations and one television station.

"The City of Durham was founded April 26, 1853, and incorporated April 10, 1869. Durham has the Council-[fol. 696] Manager form of government. The city bonded debt as of December 31, 1960, was \$17,851,000. I would point out that this debt is very favorable compared with other North Carolina communities. Durham's 1961 tax levy is \$1.12. Durham has excellent Water Resources, Fire protection, Police protection, etc.

"Durham's transportation requirements are served by Eastern Air Lines, United Air Lines, and Piedmont Air Lines, all operating from the Raleigh-Durham Airport located approximately equi-distant from Raleigh and Durham. Six bus lines serve Durham utilizing highways 15, 70, and 501. 18 major truck firms operate from Durham. Five railroads serve Durham; Southern, Norfolk and Western, Durham and Southern, Norfolk Southern and Seaboard Air Line. The 2 passenger trains operated by Southern are the only rail passenger facilities to and from Durham."

"In summation, Durham is a leading North Carolina metropolitan community. Industry, Science, and Research, Medicine, and Education located in Durham have established a diversified base which will assure Durham's future importance to Central North Carolina. The rail passenger service in question is necessary to the future of this community."

Exam. Gibbons: The witness is excused.

(Witness excused.)

Mr. Bryant: Mr. Examiner, we don't want to trespass on the customary closing hour; but we have two witnesses [fol. 697] here, who I doubt will be available tomorrow. I think we can dispose of them in 15 or 20 minutes if you have no objection, if we can run over a little.

Exam. Gibbons: All right, proceed.

Mr. Burns: Mr. Lackey, come around, please.

R. O. LACKEY was duly sworn and testified as follows:

Direct examination.

By Mr. Burns:

Q. Would you state your name and address for the record, please?

A. My name is R. O. Lackey; I live at 1518 Ridgecrest Avenue, Burlington, North Carolina.

Q. What kind of business are you in, in Burlington?

A. I am in the milk distributing business.

Q. Is that business one that is primarily local in nature?

A. Our particular business is entirely local, just within Alamance County.

Q. Are you in any way associated with the Chamber of Commerce in Burlington and Alamance County?

A. I am presently serving as president of the Burlington-Alamance County Chamber of Commerce.

Q. I take it from your previous answer that you do not do a substantial amount of travel of any type?

A. I do not personally, no, sir.

Q. And you do not ride the trains personally?

[fol. 698] A. No, I rarely ride the trains.

Q. Would you tell me a little bit about the nature of Burlington, so far as its make-up of business activity is concerned? What type of businesses are there?

A. Burlington is primarily an industrial city, as is Alamance County, the local industry is dominated by textiles. We also have the electronic industry and Western Electric, and quite a bit of all phases of the textile industry, particularly hosiery.

Q. Some of the concerns located in Burlington, are they part of national organizations, with offices in other parts of the country?

A. Yes, I would say that most of them are either branches themselves of out-of-state industries, or have out-of-state branches themselves, like Burlington Mills, for instance.

Q. What about Western Electric?

A. Western Electric is a branch of the national corporation; as I understand it.

Q. Is there any sort of commercial air service in Burlington, North Carolina?

A. No, sir, none whatsoever.

Q. What is the closest commercial air transportation to Burlington?

A. Greensboro High Point Airport is 35 miles west of us, and Raleigh-Durham Airport is about 45 miles east of us. Those are the nearest points for commercial air service that we have.

[fol. 699] Q. Now, do you have direct through bus service to your own knowledge? To New York, from Burlington? Or would you have to go to Durham or Raleigh?

A. It is my opinion that the bus service to Burlington is

connecting with Greensboro, and either Durham or Raleigh, for north or south service. I do not believe they go direct.

Q. Are there any other trains, other than Passenger Trains 13 and 16, operated by Southern Railway, serving the city of Burlington, North Carolina?

A. There are no others, just these two.

Q. Now, what size city is Burlington?

A. Burlington has approximately 35,000 population.

Q. Do you know the population or the approximate population of Alamance County?

A. Alamance County has approximately 86,000 in the county.

Q. That figure includes the population of Burlington?

A. It does, yes.

Q. In your capacity as president of the Chamber of Commerce, and in your work with the Chamber of Commerce, have you had any dealings with various concerns seeking advice about possible locations for plants in and around Burlington, North Carolina?

A. We are actively soliciting new industry for our area, and we do have such inquiry from the prospects that we solicit to locate branches or businesses in Alamance County.

Q. Excuse me, are you through?

[fol. 700] A. Yes.

Q. Do the inquiries that you receive include inquiries relating to the availability of rail passenger service?

A. We do have such inquiries, yes.

Q. Is it your opinion that the availability of rail passenger service has been instrumental in the growth of Burlington, North Carolina?

A. It is my opinion that it has.

Q. Do you, as president of the Chamber of Commerce in Burlington, have an opinion satisfactory to yourself as to the effect on future growth of Burlington of the discontinuance of the last remaining rail transportation available in Burlington?

A. It is my opinion that it would seriously handicap our area as a possible located, possible location, for new industry, particularly in view of the fact that we do not have scheduled air service.

Mr. Burns: I believe that's all the questions I have.

By Mr. Burns:

Q. The removal of these trains would leave your town with a, with only such bus service as it might have connecting to through bus service from other towns, is that correct?

A. That is true.

Mr. Burns: That's all the questions I have.

Cross examination.

By Mr. Eisenhart:

Q. Mr. Lackey, what is your connection with the Chamber of Commerce?

A. I am president of the Chamber this year.

Q. Do you have personal contact with the persons seeking industrial sites or expansion sites that inquire about Burlington?

A. Only on such occasions as our Business Expansion Committee may bring prospects to Burlington, which they have on two or three occasions, at which time I have met some of these prospects. My work as president does not directly and regularly involve me with seeking prospective new industries.

Q. I am interested in your statement that inquiries have been made concerning the availability of passenger service. On what do you predicate that?

A. On the reports of our Business Expansion Committee.

Q. When was the last time that you had any such report? That an industry was seeking to locate in Burlington, and was interested?

A. Within the past thirty days.

Q. What was the nature of that inquiry, was there a form sent out to be filled in by your Chamber Committee, such as might be sent to a number of places that were describing their advantages or what were the circumstances of that inquiry?

A. Approximately thirty days ago, we, or there was open in Burlington a new industry, which we held a formal opening for a new industry, Willard Industries, to be exact,

from Cincinnati, Ohio, and there were present at this occasion some friends of this industry from Cincinnati who were down for this occasion, and I was talking with two or three of them, who made inquiry about other possible locations in Burlington. The question of transportation came up at that time.

Q. Passenger transportation?

A. Yes.

Q. Were they interested in city-to-city transportation, or the commuting type passenger transportation?

A. I do not know. It could have been either, because the air line located, the air line service into Greensboro would require them to have commuter service to Burlington. I do not know; they did not specify.

Q. How far is the business district of Burlington from the railroad station in Greensboro, do you know?

A. Approximately 23 miles.

Q. Now, you gave an opinion concerning a direct or through bus service at Burlington. Upon what did you base that opinion, Mr. Lackey?

A. I have never seen any buses in Burlington that were showing, for instance, out-of-states points as their destination; that is what I based that opinion on.

Q. I believe you said you were not a frequent traveler yourself, you are not a bus rider, I take it, between cities?

A. No, sir.

Q. Excuse me just a moment.

[fol. 703] Mr. Lackey, has your Chamber of Commerce voted to protest the discontinuance of the two passenger trains in question?

A. Our Chamber has not taken any official action in that regard.

Q. Has a committee decided that it would be a good idea to protest, some committee of the Chamber?

A. I don't know of any committee, actually, along that line.

Q. Are you here representing the Chamber of Commerce today?

A. Yes, sir, I am representing the Chamber of Commerce.

Q. But without any formal action on their part?

A. That's right.

Q. Are you aware of the case before the North Carolina Utilities Commission in October, 1959, when Southern sought to discontinue the same two trains?

A. No, sir, I am not familiar with that.

Q. You would not know whether the Burlington Chamber of Commerce sought to oppose or not to oppose, or took any action in that connection?

A. No, sir, I do not.

Mr. Eisenhart: Thank you, Mr. Lackey.

Exam. Gibbons: I believe you mentioned, Mr. Lackey, that you don't have any air service?

The Witness: No.

Exam. Gibbons: Did the City of Burlington ever attempt to secure air service, did the Chamber of Commerce [fol. 704] ever have any discussion about the possibility of getting air service?

A. Not that I am familiar with.

Mr. Burns: May I ask him a question in connection with that?

Redirect examination.

By Mr. Burns:

Q. Isn't it a fact that the Civil Aeronautics Board has recently ordered consolidation of the airport of Winston-Salem with the airport of Greensboro and High Point?

A. I don't know that.

Exam. Gibbons: The witness may excused. Call your next witness.

(Witness excused.)

Mr. Burns: Mr. Cummings. Mr. Cummings, don't get that chair close enough to slide off the edge there.

HUGH M. CUMMINGS was duly sworn and testified as follows:

Direct examination.

By Mr. Burns:

Q. Would you please state your name and address for the record?

A. My name is Hugh M. Cummings. My address is Edgewood Avenue Extension, Burlington, North Carolina.

Q. Would you please describe briefly the nature of your business activities?

A. I am president of eight different corporations, primarily in textile and remnants and drapery, wholesale and [fol. 705] retail. We are fixing at the present time, my partner and myself, to build the first major shopping center in Alamance County.

Q. In connection with your business, do you find it necessary or convenient to make certain trips away from the Burlington area?

A. Yes, sir.

Q. To what point are the predominance of those trips made?

A. All of them are made to New York.

Q. Would you tell me approximately how often you travel to New York?

A. Four to five times a year.

Q. What method of transportation do you employ in making these trips?

A. Trains.

Q. Does that mean exclusively?

A. Exclusively trains.

Q. And by train, you mean the trains, the two passenger trains that operate through Burlington, North Carolina?

A. Yes, sir.

Q. Now, do employees of yours also have to make trips to and from New York?

A. Yes, sir.

Q. Approximately how many of your employees would you say are required to make such trips?

A. It will average three to five, buyers from various departments.

[fol. 706] Q. When they travel to New York, do you have any policy of your company in connection with the method of transportation which they are permitted to use?

A. I will not permit my key men to fly as a group. I have allowed a couple to fly when there were as many as five going. I have always had the fear of a plane crash taking the lives of my key men, as the Denver crash recently, luckily enough the owner, president of the Maybee Marble Company over there and his sales manager got out of that crash; but had both of them been killed, that company would have been wrecked; and I will not permit my key men to fly for that reason.

Q. Those men that you named are residents of Burlington, North Carolina?

A. Yes.

Q. Do you have customers from time to time who come to your offices in Burlington from points in New York and the northeast part of the United States?

A. I have them come to Burlington and Haw River.

Q. And do some, if not all, of those customers, come by train?

A. Some.

Q. Are you familiar with the train station at Burlington?

A. Yes, sir.

Q. Would you describe it for me?

A. The inside of it I have not been able to see for a long time.

[fol. 707] Q. Would you stop right there, and tell me why you have not been able to see it, since you testified that you use the trains?

A. The tickets must be picked up in the afternoon; the train station is not open when the train itself pulls into the station.

Q. In other words, the station is locked when the train comes in?

A. Right.

Q. Now, where do you wait at such times when you want to get on the train?

A. On the sidewalk between the station and where the train pulls in.

Q. Would you say that the station was generally a clean station?

A. No, sir.

Q. Would you say it was a well-painted station?

A. If there has been any paint put on it in the past seven or eight years, I am not familiar with it; I don't think so.

Q. When the train brings you into the station in Burlington, are you discharged on the platform for passengers?

A. No, sir.

Q. Would you tell us how you are discharged from the train?

A. The train's engine stops in order that the mail and freight might be taken off at the station. The last thing on [fol. 700] the end of the train is the passenger and Pullman cars. You must get off approximately a block from the station with your luggage, walk up to the station, regardless of weather or what not.

Q. In spite of these difficulties, you still testify that you ride the train. Would you tell us why?

A. My wife and three children, my wife says she will leave me when I get on a plane.

Q. Do you have any advantages as far as time is concerned? When you use the train?

A. Definitely.

Q. Could you tell me a little bit about that, please?

A. Either myself or my men who are going to New York to purchase in the New York market, try to put in a very full week. It is necessary that we can start early Monday morning, but getting on the train, we are able to arrive in New York early enough to get a full day's work in; otherwise we must catch the plane on Sunday night, go up, take a hotel room, which is an additional expense for these buyers, which I have sent on occasion, in order that they might be there in time enough to start a full day's work Monday morning.

Q. In your travels, have you had any experience that you would like to relate insofar as the type of equipment provided for your transportation by the railroad?

A. If the electric companies used the same type of equip-

ment, we would still be using kerosene lamps in Burlington [fol. 709] ton. The equipment many times rattles. I have had occasion to go down to the station and find a car that looked like it was taken out of some junk yard, to be informed that there was a wreck somewhere on the line, and the regular car had been put into service elsewhere.

I have had occasion in the winter of 1960, for myself and three other men, when we almost froze to death, and one of those men, Mr. Allingwood, told me the next morning that he put on every rag of clothes he had, and wrapped up with his blankets in order to stay comfortable.

I have found many types of engineers, jerking, quick stops, I have had occasion to find that I could not cut the heat off, when the heat got too high; as far as getting on the train, it seems to be a general practice today that either Car SR-33 or SR-34 coming out of New York is put on the tail-end of the train. The last three occasions, the train has not been long enough for that car, the platform has not been long enough for that car to get to the platform. You had to get on the train and walk through several cars, in order to get back to the Burlington car.

Q. I take it that what you are talking about now is coming back from New York?

A. Right, coming back.

Q. In spite of all these inconveniences, do I understand that your position is that the transportation provided is [fol. 710] still convenient and necessary to the operation of your business?

A. Yes, Sir, to the operation of the shopping center and the growth of Burlington, too.

Mr. Burns: I believe that's all the questions I have.

Cross examination.

By Mr. Eisenhart:

Q. Mr. Cummings, you don't seem to care too much for our service. Would it be fair to say that your position is that although you don't like the service, you like the air travel even less?

A. I have never traveled by air, and if I desire to keep my wife and children, I will not.

Q. When did you last travel by railroad, by our railroad?

A. In the spring of '61, the spring of this year.

Q. Would you know what month that was?

A. March.

Q. Was that the occasion when you had so much trouble getting on the train at Burlington and the train didn't stop at the station at the proper place?

A. The occasion, there has never been any other occasion, in about eight years of travel.

Q. How long is that train, Mr. Cummings?

A. I have never taken the time to count the number of cars; early in the morning when I was getting back with luggage, trying to get up to the station.

Q. Would you suggest that there are quite a number of [fol. 711] cars on the train that arrives in Burlington?

A. The number of cars I do not know. I know they put the freight car and the mail car where they can handle it at the station, and we are tacked on the tail-end. We have to walk at least a block.

Q. Would you be surprised to find that there are three cars on that train?

A. Three cars?

Q. Three cars, yes, sir. In March, 1961, for example?

A. Three passenger cars?

Q. No, three cars altogether.

A. If there were two diesel engines and three cars, that is five cars; I do not know the length of a train car; but if the engine stops at the station, that still puts the passenger getting out approximately a block, as I said earlier, from the station.

Q. Is there a mail car on that train at the present time?

A. I have no way of knowing that.

Q. Is there an express car on the train?

A. I have no way of knowing that.

Q. Is there a coach on the train?

A. I have no way of knowing that.

Q. Is there a Pullman car on the train?

A. I would either have to ride that or be riding in the engine, yes, sir.

[fol. 712]

Friday, July 14, 1961

ALLAN K. MANCHESTER was duly sworn and testified as follows:

[fol. 713]

Direct examination.

By Mr. Bryson:

Q. Dean Manchester, for the record would you please state your name and address?

A. Allan K. Manchester, Duke University.

Q. Where do you live in Durham?

A. At 406 Fifth Avenue.

Q. How long have you resided in Durham?

A. Since 1928, February.

Q. Dean Manchester, where are you employed at the present time, and in what capacity?

A. As Dean of Trinity College and Professor of History, Duke University.

Q. How long have you been connected with Duke University in one capacity or another?

A. Officially since September, 1929.

Q. Other than your connections with Duke University, are you a member of any societies or agencies, governmental or otherwise, as of the present time, sir? I don't mean to enumerate them, all but some of the more important ones.

A. A member of the US National Commission for Unesco, on the executive committee, which forces me to travel and the State Department USIA and such things as that.

Q. Dean Manchester, in connection with your duties at Duke University and as a member of these agencies, are you required to travel to other sections of the country, and [fol. 714] particularly into the Washington and New York area?

A. Yes. The Unesco and State Department, both to Washington and New York.

Q. And approximately how many trips do you make into these areas, either on a monthly or an annual basis?

A. Between 20 and 25, since about November of '58.

Q. Do you mean on an annual basis, or about that many trips during that period of time?

A. It runs during the winter months, a little in excess of one a month on average. Sometimes it would be two; rarely three.

Q. Dean Manchester, do you have the privilege of selecting your own method of travel?

A. Yes.

Q. What method or methods of travel do you use?

A. I use the car to Washington and New York, when I get a reservation.

Q. When you say the car, are you talking about the Southern Railway trains 13 and 16, that operate through Durham, and the pullman car, which is a part of the consist of that train?

A. Going to New York, yes. Now that they have put on what ever that roomette that I can get from Greensboro to Washington. We change in Greensboro going to Washington, that way, on the return we use this New York car.

[fol. 715] Q. Dean Manchester, without my interrupting you, would you state your reasons why you use this method of travel?

A. There are several. In the first place, these appointments, I want to be as sure as I can be, humanly speaking, to be there, and the railroad gets me there; whereas, in the wintertime, particularly the last two years, the problem of weather has made problematical any arrival in New York or departure, from Washington also. If I go up by air I lose an afternoon prior to and a morning following because in order to get an alternate, or provide for an alternate means of transportation, I must leave, oh, to get to New York, around 2:00, and have to leave home around 3:00 if I am going to Washington. So I lose an afternoon prior. The car I can finish the day's work, lose one day in New York at the meeting and get back the next morning for opening the office or class. The same thing is true of Washington, except for the return. I could get back by air if I weren't weathered in. So for this reason, both to be sure to get to my appointment and for convenience I take the train. It also saves me the bother

of making hotel reservations in New York. It's more convenient by far, this car for my purpose is a real convenience.

Q. A necessity, I believe?

A. Yes.

Q. Dean Manchester, I believe you said in addition to [fol. 716] your other duties at the University you have a teaching schedule to maintain?

A. Yes, sir. So I make these meetings if I can, on the days when I don't have classes, and this way, by using the car I can meet my classes and keep them up.

Q. Dean Manchester, approximately how many students, faculty and staff members are there at Duke University at the present time?

A. Approximately, during the past year, 5600 students of all kinds, undergraduate, graduate and professional; faculty and staff about 650.

Q. During the past several years—

A. Let me revise that. It ought to be more than 750 staff. About 750. I'm sorry.

Q. During the past several years, Dean Manchester, have you observed any effort on the part of Southern Railway Company to solicit patronage or to encourage the use of these trains by the people in the Durham area and particularly in the University Community?

A. I have noticed none.

Q. You have noticed none?

A. I am aware of none.

Q. That would go back over a period of how long, Dean Manchester?

A. As long as I can remember.

[fol. 717] Q. Is it a fact that during each year there are a number of conventions or institutional meetings of various types on the campus of Duke University, which are attended by people from other areas?

A. There are numbers of them. I am not able to give you any precise number because we have to carry a lot of research, but there are considerable number.

Q. Dean Manchester, have you discussed the matter of the continuance of these trains with some or any of your colleagues at the University?

A. It is always a topic of conversation among us who use the car.

Q. Do those of your colleagues whom you have discussed this matter with—

Mr. Dixon: I object.

Mr. Bryson: I haven't finished the question yet.

Mr. Dixon: You are leading and the answer is going to be hearsay, and I object on both grounds.

Mr. Bryson: Mr. Examiner, I don't believe we have up to this point been too technical.

Exam. Gibbons: Complete the question.

By Mr. Bryson:

Q. Dean Manchester, I believe you stated that you had discussed this matter of the continuance of these trains with many of your colleagues. State whether or not they expressed any concern to you over the matter of the abandonment of this service?

A. May I answer?

Exam. Gibbons: Is there any objection pending?

Mr. Dixon: Yes, the objection is pending.

Exam. Gibbons: Objection overruled.

The Witness: Yes.

Q. And state whether or not the reasons given are the same that you have expressed here on the witness stand here this morning?

Mr. Dixon: The objection is renewed. It's hearsay. He should bring his witness in here and prove his case, and not through this witness. We would like to ask these gentlemen all about it.

Mr. Burns: It would be perfectly agreeable with all the Counsel on this side of the table if you would agree to give us a reasonable continuance in setting the hearing at Durham, where we can produce these people.

Mr. Dixon: You have had a reasonable time to produce them.

Mr. Burns: We would be glad to produce them if you will agree to a continuance so we can have it in Durham where we can get these people.

Mr. Dixon: You have had a reasonable amount of time to—

Mr. Bryson: Would you agree that statements made by these people, even in affidavit form, would be admissible [fol. 719] to this hearing, the people that could not be here this morning. Would it be admissible?

Mr. Dixon: No.

Mr. Bryson: I submit, Your Honor, that the question is certainly proper under the conditions in which it was placed.

Exam. Gibbons: The witness may answer. The objection is overruled.

The Witness: What was the question?

By Mr. Bryson:

Q. I asked you to state whether or not they were concerned over the discontinuance or the possibility of the discontinuance of the, primarily the discontinuance—

A. Yes. For the matter of convenience, reasons for security of arriving, arrival certainty, to make appointments, matter of hotel reservations, this is the type of reasoning that we discussed.

Q. That they expressed?

A. Yes.

Q. Dean Manchester, in connection with your duties at Duke University and as a member of these agencies and societies that you have mentioned, in your experience and your travel convenience in your opinion, is the continuance of this train service a matter of convenience and necessity?

A. For me, absolutely.

Q. You may examine him.

[fol. 720] Cross examination.

By Mr. Dixon:

Q. Dean Manchester, do you ride the airplanes at all?

A. Yes. To Chicago. I ride them to New York only when I get into a bind and can't help it. This other is much more convenient. I used to ride the plane to Washington frequently until we got this more convenient way, the overnight over Greensboro, the old pullman car, you remember. You don't ride this train!

Q. Yes, I ride it sometimes. Are you talking about Car 9?

A. I am not sure of the number, but I can now transfer from the New York car to a Washington car that goes up on the same train, and it's a very convenient arrangement. Since then I haven't flown to Washington for a meeting, since I could get on that car. The trouble is getting on it—trying to get a reservation.

Q. You ride the pullman over to Greensboro and transfer and get on a Washington car. I guess you have to leave about 7:00 a.m.?

A. 7:30.

Q. And that way you ride to Washington exclusively?

A. Seven times by air. Once by air since I could use that car. That was an emergency. I couldn't get a reservation.

Q. You say seven times by air?

A. Prior to the time I could use this new arrangement. [fol. 721] I didn't like that old pullman car, with the curtains and so on. Since you have got a more convenient service, I have not ridden, I have only been once to Washington by air.

Q. How long has that been, do you know?

A. About a year ago it became available.

Q. Up until a year ago you went mostly by air to Washington?

A. To Washington.

Q. But since we have had a better car from Greensboro up, now you ride the train over to Greensboro and transfer and go up by train?

A. Yes.

And then come back by the New York car back.

Q. Are you fairly satisfied by the service?

A. No. I am satisfied with the schedule. Twice this past year, when I got on at New York the car hadn't been preheated, and it was an ice box, but even so I take it. I am satisfied with the schedule; I wish we could improve the service on it—the actual service in the car.

Q. Have you ever been on the car when it was too hot?

A. Yes.

Q. Sometimes it's too hot and sometimes it's too cold?

A. Yes.

Q. Just can't get it right?

A. Sometimes it's right; let's be honest about this, but

it's the schedule, the convenience of arrival and departure [fol. 722] that makes it imperative for my work.

Q. Do you travel at U.S. Government expense?

A. Partly U. S. Government, State Department; Unesco is not U. S. Government except indirectly, partly Duke and USIA, and sometimes my own.

Q. Does that have any bearing on your mode of transportation?

A. Not a bit. I can pick any I want.

Q. But of course you a little more to ride by rail than air, in the final analysis. I mean vice versa.

A. I don't know. By the time I add a hotel bill in New York and in and out limousine and what not.

Q. It would cost you more by air than rail?

A. I don't know. That isn't a factor.

Q. That isn't a factor?

A. It's the convenience to get there and back.

Q. Thank you, Dean.

Mr. Bryson: That's all.

Exam. Gibbons: The witness may be excused.

(Witness excused.)

PAUL H. CLYDE was duly sworn and testified as follows:

Direct examination.

By Mr. Bryson:

Q. Dr. Clyde, would you please state your name and residence?

[fol. 723] A., Paul H. Clyde, 1211 Woodburn Road, Durham.

Q. Dr. Clyde, how long have you lived in Durham?

A. Nearly twenty-five years, 24 and $\frac{3}{4}$ years.

Q. What is your present position?

A. Secretary to the Committee on Educational Institutions of the Duke Endowment.

Q. Is your office located in Durham?

A. It is.

Q. And where are the main offices of the Duke Endowment located, sir?

A. There are three main offices of the Duke Endowment, one in New York, one in Charlotte and one in Durham.

Q. Now prior to the time, Dr. Clyde, that you became officially connected with the Duke Endowment in the capacity to which you just stated, were you connected with Duke University? And if so, in what capacity?

A. As a Professor of History, and then later years as Director of the Summer Session.

Q. Now, Dr. Clyde, in connection with your present office as Secretary of the Committee on Educational Institutions for the Duke Endowment, are you required to do much traveling or any traveling, and particularly into the northeastern section of the country, Washington and New York?

A. Yes.

Q. Are you permitted to choose the method of travel that [fol. 724] you use?

A. I am.

Q. And what method or methods of travel, Dr. Clyde, do you use?

A. I use both air and train.

Q. Do you have, do you recall, or can you state approximately the number—strike that, please.

Q. When you say you use the train, are you referring to these trains, Southern Railway trains 13 and 16 that operate in and out of Durham?

A. I am.

Q. Dr. Clyde, could you give us some estimate or exact number of times of recent, or whatever period of time you wish to express, that you have used these trains?

A. Well, in the period since the first of January of this year, I have made six trips, round trips, to New York or Washington, mostly to New York, and on these six trips five of them have been by the Durham-New York Pullman.

Q. How was the other one made?

A. By air.

Q. During the years that you were connected with Duke University I assume that you maintained your office on the campus there?

A. That's right.

Q. During that period of years, Dr. Clyde, did you ob-
[fol. 725] serve or notice any effort on the part of the
Southern Railway Company to solicit or encourage patron-
age of the people in that community to use the service pro-
vided by these trains?

A. Nobody that I recall ever approached me.

Q. Do you ever recall seeing any notice or anything
there in connection with solicitation?

A. No.

Q. Dr. Clyde, in view of your experience and the require-
ments of your office, do you have an opinion as to whether
the continuance of these trains is a matter of convenience
and necessity?

Mr. Dixon: I object on the grounds that that's a question
of law.

Mr. Bryson: To you personally, Dr. Clyde?

Exam. Gibbons: Just a minute. We have let this in
previously during the hearing. I know that that's a con-
clusion that the Commission is called upon to decide, but
I am going to permit the witness to express an opinion.

Off the record.

(Discussion off the record.)

Exam. Gibbons: On the record.

By Mr. Bryson:

Q. Dr. Clyde, I believe the last question that was asked
you was whether, in your opinion, the continuance of these
trains is a matter of convenience and necessity so far as you
are concerned.

[fol. 726] A. So far as I am concerned, yes.

Q. Examine him, sir.

Mr. Dixon: No questions, sir.

Mr. Bryson: That's all, sir.

Exam. Gibbons: The witness may be excused.

(Witness excused.)

HENRY VINCENT NEWSON was duly sworn and testified as follows:

Direct examination.

By Mr. Bryson:

Q. Dr. Newson, for the record would you please state your name, and—

A. Henry Vincent Newson, begins in "N" and ends in "n", 1111 North Gregson Street, Durham, North Carolina.

Q. Dr. Newson, how long have you lived in Durham?

A. Since the fall of 1948.

Q. Where are you presently employed, and in what capacity, sir?

A. I am a Professor of Physics at Duke University, and I am also Director of the Nuclear Structure Laboratory.

Q. Dr. Newson, in connection with your duties and employment at Duke University, are you a member of any Federal Agencies or Commissions or Committees of such?

A. I am a member of the Advisory Committee of Reactor Safeguards, which advises the Chairman of the Atomic Energy Commission on the safety of reactors. I am also a [fol. 727] member of the Nuclear Cross Section Advisory Group, which advises the Research Director—

Q. We can't hear with this interruption in the back-ground. I suggest we be quiet, please.

Go ahead, sir.

A. I just finished that statement. I am a member of two committees.

Q. Are those committees under the jurisdiction of the United States Atomic Energy Commission?

A. Yes, they are, both of them.

Q. If you are permitted to do so, Dr. Newson, would you state the function first of the Advisory Committee on Reactor Safeguards?

A. The Committee on Reactor Safeguards was set up by statute in the latest atomic energy act. It is required by law that we review all power reactors, and all test reactors. It is further required by law that our opinions be published wherever security permits.

Q. Dr. Newson, primarily where is the business of this Committee carried on, or where are the meetings held?

A. Usually in Washington, D. C.

Q. In connection with your attendance of these meetings, you of course have to travel to and from the Durham area, I believe?

A. Yes.

[fol. 728] Q. About how often do you make trips in connection with your work in this particular committee?

A. Very nearly once a month. I have had a few bouts of illness lately; if it had not been for that I would have made twelve round trips to Washington for a year, for this committee work.

Q. I believe you also stated that you are a member of a Nuclear Cross Section Advisory Group?

A. That's correct.

Q. What is, if you are permitted to say, Dr. Newson, what is the function of that committee?

A. It was sort of a liaison committee between the applied work of the AEC, that is their bomb laboratories and their power laboratories, etc. We advise them what sort of fundamental measurements they need for this applied work, and we also attempt to carry the word that third measurements are needed. We carry that word to the people that know how to do the measuring.

Q. Does your membership or your work with this committee require you to do any traveling, Dr. Newson?

A. That requires about two to three trips a year.

Q. Into what areas?

A. About every other year I make a round trip to the West Coast and back.

Q. Do you travel into the Washington and New York [fol. 729] area in connection with your work?

A. Yes. I take this train to Washington.

Q. Dr. Newson, as a member of these committees, are you permitted to select your own method of travel?

A. I am.

Q. What method of travel do you use in traveling to the Washington and New York area?

A. I always take these trains under dispute, except in cases of extreme emergency.

Q. That is the Southern Railway Trains 13 and 16?

A. That's right.

Q. Dr. Newson, without my interrupting you, would you please explain or state the reasons why you use this method of travel?

A. I have not been in very good health the last couple of years, and my doctor has warned me to stay away from situations of tension, and I am very tense when I ride the plane. So I only take a plane in an emergency.

Q. In connection with your duties at Duke University, what project or projects are you presently directing?

A. I direct the Nuclear Structure Laboratory, and aside from teaching and departmental duties.

Q. In connection with that work, do you often have scientists and other interested people from other areas come to Duke University to participate in this work?

[Vol. 730] A. Yes. We have consultants, and we invite consultants and speakers to come down rather frequently, both for this work and for the physics department.

Q. Dr. Newson, state whether or not the fact that the Southern Railway offers this passenger train service in and out of Durham is of any particular assistance to you in carrying on this work?

A. This makes it easier, the convenience of this service makes it easier to attract some consultants and speakers. Yes.

Q. Two further questions. Dr. Newson, in connection with the work that you are carrying on as a member of these Commissions and in connection with the work that you are carrying on in these research projects at Duke University, which you have just mentioned, in your opinion, is the continuance of these trains 13 and 16 a matter of convenience and necessity?

A. It certainly is a great help in our operations to offer this rather convenient overnight service to Washington and New York.

Q. Dr. Newson, state whether or not you are here today testifying in your individual capacity as a citizen and resident of the community of Durham?

A. Well, I would certainly be willing to do so.

Q. You are not here representing any governmental agency?

[fol. 731] A. The Atomic Energy Commission Advisory Committee has written a letter to the Interstate Commerce Commission about this case, stating that they believe which is a fact that my services will not be available to as great an extent to this committee work without this train.

Q. That's all I have to ask at the moment.

That's all. You may cross examine.

Exam. Gibbons: Off the record.

(Discussion off the record.)

Exam. Gibbons: On the record.

Cross examination.

By Mr. Dixon:

Q. Dr. Newson, do you have the copy of the letter that you say the Atomic Energy Committee wrote the ICC?

A. Mr. Bryson has a copy.

Mr. Bryson: Would you like to see the letter?

Mr. Dixon: Yes, I certainly would.

Mr. Bryson: May I ask him if this is the letter?

Mr. Dixon: Yes.

Mr. Bryson: Is that the letter that you were referring to, Dr. Newson?

The Witness: That's the letter.

Exam. Gibbons: Proceed.

By Mr. Dixon:

Q. Dr. Newson, is the Advisory Committee on Reactor Safeguards a full time agency of the United States Government? [fol. 732]

A. No. It is an Agency, that we hold regular meetings every other month, and extra meetings perhaps three or four additional ones each year, in addition to sub committee meetings. Each member spends something on the order of 40 to 50 days a year on this work.

Q. So I take that you are not representing the Commis-

sion at this time, that the letter of July 10 to Mr. Jerome Lyle, the Chief Examiner of the Bureau of Finance, represents the position of any agency of the United States with respect to this case?

A. The Committee which the Chairman wrote that letter, is an unofficial agency of the government.

Q. Can you answer that question yes or not and then qualify it any way you like?

A. Now, will you please ask the question again?

Q. I take it from your previous answer that you are not suggesting to the ICC at this time, that the position stated in the letter of July 10, 1961, from Mr. C. Rogers McCullough, Vice Chairman of the Advisory Committee on Reactor Safeguards, to Gerome Lyle, the Chief Hearing Examiner in the Bureau of Finance, represents the position of any agency of the United States, with respect to this case?

A. I am not a lawyer, sir. I would have said this this Committee was an agency of the United States.

[fol. 733] Q. I thought you just said it wasn't.

A. No, on the contrary. I said it was an official body set up by law.

Q. May we have the testimony read back?

Exam. Gibbons: Reread the testimony.

(Testimony read.)

The Witness: What my answer was that I am not a full time employee of the United States Government. The agency exists at all times. It carries on a very voluminous correspondence with us, but the meetings are just periodic.

By Mr. Dixon:

Q. What agency are you referring to?

A. The Advisory Committee on Reactor Safeguards.

Q. You are not referring to the Atomic Energy Commission?

A. The Advisory Committee on Reactor Safeguards is part of the legal set up of the Atomic Energy Commission?

Q. But it works on a part time basis?

A. The members are part time employees of the Government. We sign a contract; we take an oath of office.

Q. Now, Dr. Newson, are we to understand, and this is important, that this letter represents the position of the United States Government with respect to these trains?

A. The man who signed the letter is an official of the United States Government.

Q. I didn't ask you that. I would like a yes or no answer, and then you qualify it.

[fol. 734] A. I think this is again a matter of law.

Q. You answer the question.

Mr. Jones: Your Honor, please, I object to that. Mr. Dixon has asked the witness if this represents substantially the views of the United States, and the United States is a right big place, and it has a whole lot of different angles. I don't know if he'll confine it to whether or not this expresses the official views of this agency that wrote this letter, then I think it's competent; otherwise, I am objecting.

Exam. Gibbons: The witness may answer.

The Witness: I just don't know what constitutes the United States Government or official agency. I do know that the man who signed the letter is an official of the government.

By Mr. Dixon:

Q. What?

A. The man who signed the letter is an official of the government.

Q. Is he a full time employee?

A. No. He is not full time. He spends more than half of his time and lives in Washington.

Q. Just who is he? Is he a Professor in some school?

A. No. He is a chemist who worked for many years for the Monsanto Chemical Company.

Exam. Gibbons: Where does he live in Washington?

The Witness: He lives in Washington, D. C., yes.

[fol. 735] Q. Are his offices in St. Louis?

A. He has recently resigned and now works with a private consulting firm. I don't remember the name of that firm.

Q. Now, did you know whether he had any legal authorization to write this letter?

Mr. Burns: Objection on the grounds that the grounds assumes that legal authorization was required to write the letter.

Mr. Dixon: There is no question about that. Was this letter authorized by the Budget Bureau?

Exam. Gibbons: The witness may answer.

The Witness: I am sure it wasn't. I have no official knowledge. You must remember that this hearing was called on short notice. I had no time to go into any more elaborate procedures than this.

By Mr. Dixon:

Q. What do you call short notice?

A. I didn't hear about it until I was on the train itself last Wednesday evening.

Q. And that's what you call short notice?

A. I was extremely busy between that time and the time of this hearing.

Exam. Gibbons: Did you request Mr. McCullough to write this letter?

The Witness: I told him the situation and that my services on there, the Committee, might be curtailed if these [fol. 736] trains were taken off.

Q. Did you draft this letter?

A. I did not.

Q. Did you make any suggestion whatever as to the verbiage used in this letter?

A. I did not, sir.

Q. Do you have a copy of the memorandum you wrote Mr. McCullough?

A. I did not make any memorandum. I was at a meeting in Washington last week and told them of this situation.

Q. Did he sit down at that time and prepare this letter and send it to Mr. Lyles?

A. No. That was on a Saturday that we discussed this, last Saturday. The following Monday he drafted the letter.

Q. Did you talk to him on the following Monday?

A. I talked to one of his assistants and they said the letter was copies, and he told me when I was expected to receive it, and that's all.

Q. Dr. Newson, you don't know whether Mr. McCullough, during the period from the time you talked with him on Saturday until Monday when the letter was written, whether he cleared this with anybody, or just did it on his own hunch, do you?

A. I don't think he had time. I don't know.

Q. I have no further questions on the letter, but I would like to ask two or three questions about how much you [fol. 737] travel on the trains and by air. I think you said you made two or three trips, and I take those to be round trips, to Washington and New York per year?

A. No. I make about one round trip per month.

Q. One round trip per month? How did I get down here two or three trips per year?

A. There was another committee which requires two or three longer trips per year.

Q. But you make one or two trips per month?

A. One trip per month, or perhaps a little less. I think it averages close to twelve trips per year.

Q. And that's to and from Washington on these trains?

A. Occasionally to and from New York and Boston.

Q. And you don't travel by air because of your health?

A. That's right.

Q. Do you ride the Pullman over to Greensboro and then transfer to the Washington car?

A. I do, yes.

Q. And then coming back you use the New York car, of course?

A. Yes.

Q. I think that's all I have. Thank you very much.

Redirect examination.

By Mr. Bryson:

Q. Just one further question, Dr. Newson. I believe you stated in response to a question by Mr. Dixon, that you first heard of the pendency of this hearing, or that this [fol. 738] hearing would be held, Wednesday of last week, I believe you said, while you were on the train?

A. That's correct.

Q. That's Wednesday of last week?

A. That's correct.

Q. Do you recall the date and what that date was?

A. I would have to look at a calendar.

Q. You needn't go to that trouble, sir. Dr. Newson, is this letter or copy of the letter which I hand you, a copy of the letter that you received, which was entitled "Advisory Committee on Reactor Safeguards, United States Atomic Energy Commission, Washington, D. C., dated July 10, 1961, and signed by C. Rogers McCullough, as Vice Chairman. Is that a copy of the original of the letter that you received, sir?

A. Yes. I have an initialed copy.

Q. I would like to have the copy of this letter identified by the witness and marked as Protestant's Exhibit No.

Exam. Gibbons: It will be marked as H24.

(Protestant's Exhibit H 24, Witness Newson, marked for identification.)

By Mr. Bryson:

Q. I believe that's all. I am told, sir, that the calendar says that the date of last Wednesday was July 5. Wednesday of last week was July 5.

A. I attended a meeting that started July 6.

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[fol. 739] DARYL HART was duly sworn and testified as follows:

Direct examination.

By Mr. Bryson:

Q. Dr. Hart, for the purpose of the record, would you please state your name and address?

A. Daryl Hart, 2324 Duke University Road, President of Duke University.

Q. Dr. Hart, when did you become President of Duke University?

A. The first of July, 1960.

Q. Prior to that time I believe you served in the capacity of acting President?

[fol. 740] A. No, that was the time that I started in acting President, and they made my appointment retroactive to that time.

Q. Prior to that time, what position did you—

A. Professor and Chairman of Department of Surgery.

Q. How long did you occupy that position?

A. Thirty years.

Q. Dr. Hart, I know that you a member of many medical societies and distinguished groups, and I will not ask you to take the time to enumerate those, but in connection with your office as President of Duke University, and as a member of these societies and groups, you have occasion to do much traveling, or any traveling particularly into the Washington and New York areas?

A. Yes.

Q. You, of course, have the privilege of selecting your own method of transportation?

A. Yes.

Q. And what method of transportation or methods do you use, Dr. Hart?

A. For distant traveling I use the train. On short trips I use a motor car.

Q. You use a motor car?

A. Yes.

Q. Do you have any approximation or specific idea as [fol. 741] to the number of trips you made by train, shall

we say since the first of January of this year? By train that is?

A. For the year I have been in the Presidency of Duke I have had five trips to New York, I believe. One to Edgewater Park, Mississippi, and then going to Boston and coming back to Durham in a round trip circuit. That's not by train. I have had any number of train trips otherwise, not involving this particular area, Chicago, Florida, etc.

Q. In your train trips, Dr. Hart, do you make use of Southern Railway Trains 13 and 16, the trains which are in dispute in this proceeding. That is, the Southern Railway trains which serve the Durham people?

A. Yes. In the trip to Edgewater Park I had to catch the train south in Greensboro, but I rode the train from Boston to New York and back to Durham. I rode that train back, but it didn't have suitable connections going south.

Q. Dr. Hart, I believe the Executive Committee, the Board of Trustees of Duke University, meets in Durham approximately once a month, does it not?

A. Yes.

Q. Are there any members of the Executive Committee who reside in New York?

A. Yes. There are three.

Q. To your own personal knowledge, do any of these three members of the Executive Committee make use of [fol. 742] these trains, 13 and 16, in attending these meetings?

A. Yes.

Q. Dr. Hart, since you have been at Duke University, do you have knowledge, or have you noticed any effort made by Southern Railway Company, by way of advertising or solicitation to solicit patronage of people in the Duke University community?

A. No.

Q. In your opinion, sir, is the continuation of this service afforded by these trains, 13 and 16, a matter of convenience and necessity?

A. Yes.

Q. I believe that's all the questions I have.

Exam. Gibbons: Cross examination is in order.

Cross examination.

By Mr. Dixon:

Q. Dr. Hart, you said that you had made five trips to New York. What period were those trips made in?

A. In the past year.

Q. In the past twelve months?

A. Yes.

Q. Were they all by train?

A. Yes.

Q. How many during the same period did you make by air?

A. None.

Q. None?

[fol. 743] A. That's right.

Q. Would you say that are exclusively a train rider?

A. I said I took short trips and occasionally a long trip, if I have time, I take it by car; but my travel is by train.

Q. You do not ride the planes?

A. I have ridden a plane, but my travel is, particularly to New York areas, by train; because I can get out at 5:55 in the evening, and get into New York the next morning and come back the next morning.

Q. You spoke of the Trustees of Duke University and the Executive Committee?

A. Yes.

Q. And I think that three of them live in New York?

A. Yes. That is three of the Executive Committee live in New York.

Q. Do they exclusively ride the train?

A. No, they do not ride the train exclusively. There are times when they ride other means of transportation. I would not attempt to say why they ride other means, but my opinion would be it depends on the time and the availability and the convenience of their schedule. But they do ride the trains many times, I can say. The last meeting of the Executive Committee, all three members from New York rode the train down.

Q. Would you be able to tell us approximately how often

[fol. 744] those three men ride the trains versus the airlines?

A. I could not, without making a study. I know at least one that the train is his marked choice. I couldn't give you the personal opinions of the others. One of those men told me that he rode the trains if he could fit it into his schedule.

Q. How many men are on the Executive Committee, Dr. Hart?

A. Six. Six at the present form the Executive Committee.

Q. We have been discussing the three who live in New York?

A. Yes.

Q. Dealing with the other three, how do they get to Durham?

A. They are short travel, usually by motor car.

Q. By motor car?

A. Yes. Those three would come from Charlotte, High Point and Winston-Salem, and they more commonly come by motor.

Q. How often do the trustees of Duke University meet?

A. The Trustees meet approximately twice a year.

Q. How many of those?

A. There are thirty-six.

Q. Do you know how they get to and from Durham?

A. I could not tell you about the group as a whole. I know that the group from New York would come in a similar manner to the way they come to the Executive Committee, depending on their time schedule and convenience, I would say. But I could not tell you the details of the Trustee meeting; it's only twice a year. The Executive Committee meeting I have more to do with, I have more intimate knowledge, because it meets so frequently.

Q. Do you think it would be fair to say that the Trustees would be divided about evenly between rail and air?

A. I couldn't say about the Trustees. A larger percentage of the Trustees live in the North Carolina area, but there are some who are widely scattered. I couldn't tell you how they travel.

Q. Did you know Sidney Alderman?

A. I don't believe I do.

Q. He was my former boss and a Trustee of Duke University.

A. I don't believe he is a Trustee at the present time.

Q. He isn't any more. He has moved out of the country and gone to France on a—

A. I didn't know him, and I thought I knew every Trustee.

Q. Now, sir, I have asked you about your own travels and I have asked you about the Trustees, and I have asked you about the Executive Committee, and now I want to ask you about the young people that go to school at Duke. To what extent do they ride these trains?

A. I have no information in regard to that.

Q. Is there any system in the University under which young people, from bulletin boards or otherwise, are able [fol. 746] to arrange car pools or private rides to places like Washington, D. C.?

A. I have no information in regard to it. I don't know. They have bulletin boards, but I don't have any information as to whether they go into car pools. If I had to make a guess I would say that if there were some boys from Washington and they wanted someone to go in, that they would probably try to find them; but I have no information in regard to it.

Q. I am sure your guess is right, but I want to ask you this. Don't you ever look at the bulletin boards in the corridors of Duke?

A. I do not go into the unit where the students are and look at the bulletin boards. My headquarters are in the Allen Building, the administration. I go to Union, but I do not go over and inspect the bulletin boards.

Q. Has Duke University, in any way, as far back as you can recollect, helped to promote the patronage on these two trains?

A. I have no knowledge of that.

Q. Sir?

A. Helped to promote it, officially or as individuals—I have no knowledge of that.

Q. You don't know that Duke has done anything whatever to keep these two trains on the road?

A. I should think they are doing a great deal right now; [fol. 747] Mr. Bryson representing Duke University; that would be my impression.

Q. I would be inclined to agree with you on that point, but I am not talking about that. I am talking about some effort which might have been made over the years by Duke and Carolina and State, to promote a little patronage on these trains, and make them pay their way. Do you know of anything that these three universities have done in that connection?

A. I think I can answer that, though not in an official capacity. I just heard of it. I remember one—they used to have special trains running out north and south, I suppose, at the time of school's opening and closing. I can recall once, when I tried coming down from New York by train, I tried to get them to hold up a football special out of Richmond so I could catch it and get to Durham a little faster; and I didn't succeed. But there have been special trains arranged at times. There was some agitation for arranging a special train to Texas last Christmas. I have heard those. I have no official knowledge of it, but there was talk around the institution.

Q. Except for these special movements, there has been no plan or program or any determined effort on the part of these great universities in North Carolina, to do something that would keep these trains running, has there?

[fol. 748] **A.** I would say that the institution does not attempt to tell the student what mode of transportation he will take.

Q. I take it from your answer that the answer to my prior question would be "no", Doctor. Is that fair?

A. I have given the answer, and I would like it to stay as I gave it.

Q. This case was tried before the Utilities Commission of North Carolina on October 1959, just after the Fall Semester began in the '59-'60 year, and the Counsel, one of my brother lawyers in opposition, put two young men on the stand who testified that they had been commissioned by Duke or some student organization, or maybe—I won't be quite technical,

but you know what I am talking about—to go down to the Southern Railway Station and meet the inbound students as they came to matriculate in the Fall of 1959. The testimony, which is a part of this record, showed that you had around 5000 young people matriculate in the Fall of 1959. Is that around right? Is that fairly good?

A. I would say so.

Q. Do you know how many of those folks rode the train into Durham?

A. I have no knowledge of this.

Q. You are going to be greatly surprised—

Mr. Burns: I want to object. He is mis-stating the evidence in the record before. The record before shows that [fol. 749] the freshmen are met by members of an Orientation Committee of Sophomores from Duke University. This only relates to the Freshmen Orientation Week.

Mr. Bryson: We move to strike the statement of Counsel from the record.

Exam. Gibbons: The motion to strike will be denied. This record before the State Commission has been made part of this hearing.

Mr. Bryson: And we say the record speaks for itself.

Mr. Bryant: The remark to which I made the motion to strike, was about that, "You are going to be surprised."

Mr. Dixon: I agree to that. Strike it.

Mr. Bryson: I submit, Mr. Examiner, that that record speaks for itself.

Exam. Gibbons: Strike the statement to the question of Counsel, beginning with the word "Surprise."

By Mr. Dixon:

Q. This record shows that out of that group of young people who came to Duke to matriculate in the Fall of 1959, thirty-four rode the train during that week.

Mr. Bryson: Objection.

Mr. Dixon: On what ground?

Mr. Bryson: I object to that, Mr. Examiner, because he asked the President how many students were in resident

at Duke University of that year. I thought you asked him if there weren't some 5000 students?

[fol. 750] Mr. Dixon: I said the record showed it.

Mr. Bryson: And he said yes, approximately, that there were about 5000 students there. Now, as the Attorney General said, I think the record would also show that the function of these students was only in connection with a group of freshmen who came into the university. Not in connection with the overall operation of the university.

Exam. Gibbons: With that understanding—

Mr. Burns: May I make this additional statement? Counsel has already examined Dr. Hart about whether or not he knows anything about student travel, and he has said that he does not. Now this is a collateral matter; Counsel having asked a question on a collateral matter is bound by the answer of the witness. Now the witness has answered he knows nothing about it, and I think that's the end of questions in that area.

Mr. Dixon: I think I agree with Mr. Burns. That's all I have.

Redirect examination.

By Mr. Bryson:

Q. Mr. Dixon, I have one further question. Mr. Dixon asked you what efforts the university was making in order to encourage travel and solicit patronage on this railroad. Dr. Hart, what efforts to your knowledge is the railroad company itself making to encourage patronage and solicit passengers to use the train?

[fol. 751] Mr. Dixon, may I have that question repeated, please. I was talking with my associate.

Exam. Gibbons: Reread the question, please.

(Question read.)

Exam. Gibbons: Back on the record.

By Mr. Bryson:

Q. Would you answer.

A. I have no knowledge of any help that was given by the railroad.

Q. That's all I have, sir.

Exam. Gibbons: The witness may be excused.

[fol. 752] RICHARD AREY was duly sworn and testified as follows:

Direct examination.

[fol. 753] By Mr. Bryant:

Q. Mr. Arey, what is your occupation?

A. General Manager, Jack Tar Hotel.

Q. And prior to the hotel being known as the Jack Tar Hotel, what was the name of it?

A. The Washington Duke Hotel.

Q. How recently was the name changed to the Jack Tar Hotel?

A. Last July 1, 1960.

Q. How long have you been connected with the Washington Duke Hotel and the Jack Tar Hotel?

A. Three and a half years.

Q. And in what capacity?

A. As General Manager.

Q. Mr. Arey, during this time have you had an opportunity to make any investigation or obtain any information as to the types of patrons of your hotel, and the method by which they arrive and depart from the city of Durham?

A. Yes, sir. We have taken a survey and found that over 50% of our guests come into the Jack Tar of Durham, arrive other than by automobile. This is a survey made for the past two years.

Q. Now, of the more than 50% who arrive other than by automobile, do any of them arrive by either of these trains, numbers 13 and 16?

A. Yes, sir. Every day, I would say. I don't know the exact actual count, but all reservations request by letter

come across my desk, and not a day goes by that we do not have requests for reservations, whereas they indicate that they will be arriving on the early morning train, or whatever hour it might be and want their rooms available at that time.

Q. And what is it as to the departure?

A. Same. Also, we are requested—our check out time is 3:00 o'clock in the afternoon, and they request late check outs so they may catch the 6:00 o'clock train.

Q. Mr. Arey, will you give us such information as you have as to the types of businesses of those people who indicate that they expect to arrive or depart by the Southern trains 13 and 16?

A. The largest number that I know of, that come to Durham by train, are those, that stay with us, that are out patients at Duke Hospital, for examination. They are out patients under examination by the doctors at Duke. Also we have practically all the industries in town have people who stay with us, who arrive by train. We have many sample men who bring their wares and travel by train. We have to make special arrangements to meet them and transport [fol. 755] them and their wares to the hotel, and I would say that our largest number comes from Conventions. We have some thirty thousand people that attend conventions in Durham each year, and I don't have any idea of the number, but I do know that many of them travel by train.

Q. In connection with the out patients at Duke University, is there a doctor in Durham at Duke University, named Kempner?

A. Yes, sir.

Q. Does he give any particular type of treatment which attracts patients to Durham?

A. Yes, sir. We have on the average of thirty of his patients in the hotel at all times, or more.

Q. I believe that's known as the Rice Treatment for hypertension, is it not?

A. Yes.

Q. Do you know whether those patients, or many of them use these trains in going to and from Durham?

A. The patients I referred to a while ago, most of them are there for hypertension treatments.

Q. Do I understand you to say that it is your knowledge that they do use these trains?

A. Yes, sir. Definitely.

Q. Do you know whether Duke University conducts a number of medical symposia during the course of the year? [fol. 756] A. Yes, sir, many of them. We cooperate with them. We classify that as a convention, whether sessions are held at Duke or at the hotel, and we handle most of the large groups at the hotel or the Holiday Inn.

Q. I believe they also hold ICC hearings at your hotel in Durham, on occasions, do they not?

A. Yes, sir.

Q. Do you know whether the people arrive by the method of these Southern trains by those hearings?

A. I couldn't definitely answer that.

Q. Mr. Argy, in your experience in the operation of the Washington Duke Hotel and the Jack Tar Hotel, would you say that you had a varied type of client or guest for your hotel?

A. You mean by that a variety of the different classes?

Q. Yes.

A. Yes, sir. Many.

Q. Now for the comfort and necessity and convenience of those guests of yours who stay in the hotel there in Durham, would you please state whether or not the continued operation of these trains, nos. 13 and 16, serve a necessary or convenient purpose?

A. Yes, sir. Very much so, and I point out also that through the convention solicitation, which I happen to be the chairman of the Chamber of Commerce, that the dis-[fol. 757] continuance of these trains would be very detrimental to the national conventions and regional conventions that we can attract to Durham. Durham being one of the largest medical and educational centers in the world. We have a multitude of conventions that are attended.

Q. I would like you to make a short clarification of your statement that Durham constitutes one of the medical centers of the United States?

A. Yes, sir. We have people that stay in our hotel that

come from all over the world, not only the United States, but all over the world. Many times we have people who come in to go to Duke Hospital to be examined from Egypt, India, Germany, all over the world, plus mostly from the United States.

Q. And a number of those uses the Southern trains?

A. Yes, sir.

Q. Now I would like to ask you, sir, if there is a Veterans' Hospital in addition to the Duke Hospital located in or near Durham?

A. Yes, sir.

Q. Do you happen to know the approximate number of beds in the Veterans' Hospital?

A. I am not sure, but I think around 500.

Q. Do you know the approximate number of beds at Duke Hospital?

[fol. 758] A. I could not correctly answer that.

Q. Do you know whether it is approximately 500?

A. It's more, I think.

Q. I ask you also, if there is another hospital or other hospitals in Durham?

A. Watts Hospital. Yes, sir.

Q. Watts Hospital?

A. Yes.

Q. Just without being precise, but approximately, what is the number of beds there?

A. I would say approximately 500 there.

Q. Is there also a negro hospital in Durham?

A. Yes, sir.

Q. I believe that is known as the Lincoln Hospital?

A. That's correct.

Q. I believe there is also a hospital known as the McPherson Hospital, which specializes in nose, throat and eye diseases?

A. Yes, sir.

Q. Will you please state whether there is any hospital or medical facility at the University of North Carolina?

A. Yes, sir. At the medical school and dental school and also hospital.

Q. Just approximately, what is the capacity of that hospital, known as the Memorial Hospital?

A. I would estimate it at around 500.

[fol. 759]. Q. And that, I believe is how far from Durham?

A. It's nine miles, I believe, from the city limits.

Q. You may examine him.

Cross examination.

By Mr. Dixon:

Q. Sir, I didn't get your name. Is it Arey?

A. A-r-e-y. Arey.

Q. Mr. Arey, you referred to certain tests that you have made over a period of two years, which indicated that 50% of the people coming to your hotel move other than by automobile—

Mr. Bryant: Mr. Dixon, may I correct you. I think he said more than 50%.

The Witness: More than 50% of our people.

Mr. Bryant: By a method other than automobile.

The Witness: To be precise on that, more than 50% of our rooms are occupied by those that come—other than those that come by automobile.

By Mr. Dixon:

Q. When was this test made?

A. The last two years. It began in January of 1959 and ended in July of this year.

Q. January of '59 through June '61?

A. Through June of '61, yes.

Q. That's more than two years, isn't it? About two and a half years?

[fol. 760] A. Approximately two and a half years. It started in the latter part of January '59.

Q. Will you please tell us, during that period, how many people you booked?

A. You mean how many rooms were occupied?

Q. Yes.

A. I don't have those figures with me, sir.

Q. Do you have the extent to which it was single or double occupancy, or otherwise?

A. Our records show, that on a yearly average, that our rooms are 1.4 double occupancy. In other words, our room is 1.4 per room.

Q. Would that apply during this two and a half year period?

A. Yes, sir.

Q. Now, is there some figure that we would use to multiply by 1.4 to get the full occupancy of your hotel during this period? I'm trying to find out how many of these people rode on Southern Railway.

A. I would estimate in excess of 70,000.

Q. During this two and a half year period beginning January 1, 1959 through June 30, 1961, you think that you booked 70,000 people?

A. I'm basing that annually, not over that two and a half years. That's on a yearly basis, about 70,000.

Q. So in order to get the number of people during your [fol. 761] test period, we would have to multiply 70,000 by $2\frac{1}{2}$?

A. That's right. Yes, sir.

Q. So that would be 210,000 people?

A. That's my estimate.

Mr. Bryant: The arithmetic is based on a three year period, instead of two and a half. You said 210,000.

Mr. Dixon: Could we go off the record a minute.

Exam. Gibbons: Off the record.

(Discussion off the record.)

Exam. Gibbons: Back on the record.

By Mr. Dixon:

Q. I stand corrected. 175,000. Yes, sir. 175,000 people have been your guests during the last two and a half-years, you estimate?

A. Yes.

Q. How many of those people were shown in your test, who have ridden the Southern Railway?

A. I do not have that information. The survey was taken to see how people arrived, other than automobile, and other than that I do not have it. I wouldn't want to even estimate it.

Q. When you say by automobile, do you mean by private automobile only?

A. Yes, sir.

Q. People arriving by bus would not be included in the 50% that arrive by automobile?

[fol. 762] A. That's correct. We have very few buses.

Q. You have quite a few airplanes, don't you?

A. Yes, sir.

Q. How many of these people rode the airplanes?

A. I do not have that information. Our survey was just to determine automobile arrivals.

Q. For what purpose was this survey made?

A. We are constructing a new garage at the hotel to accommodate more automobiles and we wanted to see how many, so that we could determine what to build.

Q. Now, sir, you have referred to the various hospitals and medical schools and medical centers in this area and you have told us approximately how many beds those facilities contain. Can you tell us to what extent those beds are occupied?

A. No, sir.

Q. You don't know anything at all about the use of those beds, do you?

A. You mean in the hospitals?

Q. Yes.

A. I understand that they have a very high occupancy.

Q. Do you know how much?

A. If I am not mistaken, I think that Watts Hospital runs approximately 85% occupancy.

Q. Where did you get that figure?

[fol. 763] A. I don't think this information is to be used for any fact. I might be entirely wrong.

Q. Would your same answer apply to the other hospitals?

A. My estimate would be that all the hospitals run in occupancy of more than 90%. It would just be an estimate on my part.

Q. And it could be wrong?

A. It could be wrong, yes, sir.

Q. Now, can you tell us to what extent the railroad is

used, in handling these sick people to and from these hospitals and medical schools?

A. The people that I am speaking of that stay with us are out patients. They are people that stay at the hotel and take treatment at the hospital, and some of the Rice patients that we referred to eat at Rice Houses.

Q. These out patients constitute a very small part of the total occupancy of these medical places, do they not?

A. They wouldn't represent any of their occupancy?

Q. They are patients.

A. Not representatives—

Q. Now, just what would that amount to? How many do you have and to what extent do they use the trains?

A. I do not know how many use the trains. I just stated before that not a day goes by but my eye catches, where it might be one, two, three reservations a day, or maybe [fol. 764] more state that they will be arriving by train, and others come by train. They don't say how they arrive. I know that for a fact.

Q. Have you ever seen these sick people get on or off the train?

A. No, sir.

Q. How are they transported between your hotel and the train?

A. By taxi, and also some of the letters request that our superintendent service pick them up, and we arrange for them to be picked up.

Q. Can you tell us how often any of this happens, so we can form some ideas?

A. When we are called on to do that personally at the hotel?

Q. Yes.

A. Oh, I would say on the average of once or twice a week.

Q. Once or twice a week?

A. Most of them come by taxi.

Q. Do some of these people come in by air?

A. Yes, sir.

Q. And I guess some of them are driven from Greensboro by ambulance, aren't they?

A. Well, the patients who arrive by ambulance would not stay with us.

[fol. 765] Q. I am talking about the hospitals.

A. Probably so.

Q. That's all. Thank you, sir.

Redirect examination.

By Mr. Bryant:

Q. How far is the Washington Duke Hotel from the Southern Railway Passenger Station in Durham?

A. Approximately three blocks.

Q. What is the present room capacity of the hotel, known as the Jack Tar?

A. 300 rooms.

Q. That's all I want to ask you. Oh, just one question, please. Do you know, of your own personal knowledge, whether or not some of the hospitals in Durham have waiting lists?

A. Oh, yes.

Q. That's all I want to ask the witness.

Exam. Gibbons: The witness may be excused.

(Witness excused.)

T. MILBURN was duly sworn and testified as follows:

Direct examination.

By Mr. Bryant:

Q. Will you please state your name and initials. For the record spell your last name, if you will.

A. T. Milburn, M-i-l-b-u-r-n.

Q. And you live in Durham, I believe, Mr. Milburn?

A. That's correct.

[fol. 766] Q. What is your occupation?

A. I am a retired industrial engineer, acting as Executive Director of Durham's Committee of 100, which is a committee seeking to increase the industrial development of Durham.

Q. How long have you been occupied as the chairman of the Committee of 100?

A. Executive Director.

Q. How long have you been the Executive Director of this committee to try to get industrial service to Durham?

A. Since 1955, July 1.

Q. Mr. Milburn, from that time please state what efforts, please state what the nature of your efforts have been to increase the industrial plants in Durham?

A. Well, of course the first thing you have to do is make an assessment of the area, which more or less follows the type made by the industrial plant location services, and see that your area conforms generally to what they use as criteria for a community into which they wish to take an industry that they represent. After we got that job done the problem was to get prospects who were interested in our area for the reasons set forth in the industrial survey of the area.

Q. In your industrial survey, has it been necessary for you to make a survey of the utilities and facilities including transportation facilities into and from the city of Durham [fol. 767] and the Durham area?

A. Mr. Bryant, we naturally follow the plant survey people; Alfred D. Little, Lockwood Green, Boston and similar type engineering firms sell their services to manufacturers to locate plants for them. So what we have done in Durham is to use a composite structure of the various reports which these people require from us covering the areas of interest to which the manufacturer has.

Q. And Mr. Milburn, have you put that in the form of a pamphlet for this survey?

A. That's right.

Q. Do you have a copy of that with you?

A. I do.

Q. I believe this is the only copy that you have brought with you to Raleigh today, but you do have a number of other copies available at your office?

A. We printed 5,000 of these for general distribution, and we have about 2,500 left.

Mr. Bryant: Off the record, please.

Exam. Gibbons: Off the record.

(Discussion off the record.)

Exam. Gibbons: Back on the record.

By Mr. Bryant:

Q. May it please Your Honor, this is the only copy of this which the witness, Mr. Milburn, has brought with him to Raleigh this morning. I desire to have this identified [fol. 768] by Mr. Milburn and to offer it as an exhibit, and to furnish to the Examiner and to Counsel for the Southern such number of copies as may deem desirable for those purposes.

Exam. Gibbons: What do you want this referred to as? How do you want it described?

By Mr. Bryant:

Q. How do you describe it?

A. If you please, we call that the Durham booklet. It's a pictorial story of Durham and factual story.

Exam. Gibbons: The Durham booklet then may be identified as Exhibit H 25. Will the reporter please mark this?

(Protestant's Exhibit H 25, Witness Milburn, marked for identification.)

Mr. Bryant: Now, how many copies will the Commission require, if Your Honor please?

Exam. Gibbons: The Commission now has its copy. I would like a copy for my own personal files.

Mr. Bryant: How many copies would the railroad like to have?

Mr. Dixon: Just one.

Mr. Bryant: I will personally undertake to see that they are furnished both to the Commissioner and to Counsel for the railroad.

Mr. Dixon: Mr. Examiner, before it is received we would like to look it over.

[fol. 769] Exam. Gibbons: Very well. Has it been offered in evidence?

Mr. Bryant: I am offering it now, if Your Honor please.

Exam. Gibbons: The ruling will be temporarily deferred on that.

Mr. Dixon: Sir, assuming that we will go beyond Lunch time, could we have until then to look it over?

Mr. Bryant: Certainly.

By Mr. Bryant:

Q. Now, Mr. Milburn, in this industrial survey which you have made, state please for the record how many rail passenger trains go into and depart from the city of Durham at the present time?

A. As far as I know, Mr. Bryant, it's only the two. The morning and the evening Southern Passenger Train.

Q. I believe they have been referred to as trains 13 and 16 of the Southern Railway Company?

A. I think so.

Q. And without those two, would there be any rail passenger service in or out of Durham?

A. Certainly none that I have a record of.

Q. Now, Mr. Milburn, after making this survey have you had opportunity to contact prospective industrial enterprises with a view to seeking their location in or near the Durham area?

A. Now Mr. Bryant, we run a processing of about twelve [fol. 770] to fifteen prospects a month.

Q. Do you interview these prospects yourself?

A. Each one personally.

Q. Where do you interview the prospects?

A. On occasion at the hotel. Ninety per cent of the time in my office for the first time, and those that I interview at the hotel ultimately wind up in my office, where the information is available.

Q. You also, doing your duties for seeking industries for the Durham area, make trips outside of Durham?

A. Quite often.

Q. To what cities mainly?

A. Well, usually the east, occasionally the west, middle-west, we confine ourselves to from Boston south and stop at Durham, and sometimes we go to Pittsburgh, Cleveland, Akron, and the west.

Q. Since you have undertaken this work in 1955, will you state what mode of transportation you use when you leave the city of Durham on your business to interview prospects?

A. Without exception the Southern Railway train.

Q. Why do you adopt that mode of transportation?

A. It is excellent service into New York overnight, and then we are there ready to do business; in Philadelphia or Washington even shorter than that. And I prefer to go by train.

Q. Mr. Milburn, in your solicitation of new industry for [fol. 771] the city of Durham and in the effort to retain the industry which we already have in the city of Durham, I ask you if you will state whether or not the question of rail passenger service is a factor?

A. Well, I think, Mr. Bryant, I would have to amplify that a little.

Q. Amplify it in your own way, and amplify it in your answer, please.

A. This is an industrial manual, which I have put together, representing what I consider to be the best sort of the various plant locating services who sell their services to manufacturers. And I have come up with a composite area plant survey which lists as follows, the requirements, the pl's and minus area as it compares to other areas, if my water supply is better we give it a plus, if it's worse we give it a minus and so forth. We have come up for own use with a categorical list as follows: The first requirement he has is home plant requirements, the second is labor history availability and cause, the third raw materials, and the fourth transportation, rail, plane and bus and truck.

Q. Does that transportation include rail passenger transportation, Mr. Milburn. Is that one of the factors in the transportation?

A. I was going to give it to you just as it appears, Mr. Bryant. Under rail transportation, we come up with rail [fol. 772] transportation, carriers serving the area and type of service available, freight service, number of days to and from New York, etc., and preferred passenger service. And we have always been asked to name the significant connections typical of the lapse of time and the departures of the passenger trains.

Q. So you would say that that is a factor which enters into the location of industry or the retention of present industry?

A. I would have to say yes.

Q. Mr. Milburn, has there been growth in the economic and industrial interests of the city of Durham during the past five years or ten years?

A. Mr. Bryant, I am not too familiar with it, when you go to ten years. You see, I was out of Durham a long time, but since the Committee of 100 office was activated in 1955 in July we have secured fourteen new industries for Durham, representing about two and a half million dollars worth of new construction and about 750 to 800 new employees.

Q. Mr. Milburn, with your experience in the retention of the present industry and your experience in an effort to bring prospective industry to the Durham area, I ask you to state whether or not in your opinion, this passenger rail service would be an important factor in retaining and bringing in new industry?

[fol. 773] A. Mr. Bryant, my answer would be that any industrial engineer would hate to lose a plus which he has. We don't have too many of them. I consider it and recommend it to my office and advisory group that the passenger group was a very favorable thing for us to report, and I would hate for us to lose it.

Q. Do these two passenger trains represent a convenient and necessary mode of travel into the city of Durham?

A. My answer would have to go back to my records. For instance, the Durham Hoisery Mill, with a little more than a million dollar operation there, Mr. Sledge, Mr. Crawley—

Q. Without asking you to name the people?

A. They use the train entirely if they can.

Q. Which train are you speaking of?

A. The Southern Railway New York train. They go to New York, to the New York office.

Q. Are these two trains 13 and 16?

A. That's right. The same thing is true of Mr. Kingson of Mills, Kingson Mills, who we landed last year. I know he uses the train. I don't know to what extent.

Q. I believe you may examine Mr. Milburn.

Cross examination.

By Mr. Dixon:

Q. Mr. Milburn, I think you said that you contacted on the average of twelve to fifteen persons a year?

A. A month.

[fol. 774] Q. Twelve to fifteen persons a month with respect to the industrial development in Durham and its environs, is that correct?

A. That's correct, sir.

Q. In viewing these people, what do you have to say to them about railroad passenger service?

A. I tell them that we have an overnight connection, pullman service to New York. That's in the brochure that Mr. Bryant filed.

Q. Is that all you say to them about it?

A. That's all we say.

Q. Do you say that to them whether they ask you or not?

A. I do not. The answer to that is a little categorical. As a matter of fact, we have about a fifteen page agenda which they furnish us and that is included in it. It isn't a question of words; we submit a written report.

Q. Do they send you some kind of an inquiry. Is that it?

A. Usually they bring it with them, if it's one of the plant locating services. They have a booklet about this, and they just sit down across the desk with you and go through it. When it's individuals representing their own companies or engineers representing a particular manufacturer, he develops the material in your own office from the vast material which we submit to him.

Q. How does this railroad passenger service/business [fol. 775] arise? That's what I am trying to figure out?

A. What, sir?

Q. The railroad passenger question arise, how does that get into the picture?

A. Well, very simply that we have one of the fifteen sections of the survey in our answer is transportation, and communications. And it's further broken down by rail transportation service, freight service, and passenger service, and we are required to put under the various headings the answer to their questions.

Q. Whose questions?

A. Either the questions submitted by the plant locating service or the engineers representing the plant interested in our area.

Q. Is that just sort of a stock that you have prepared over some period of time, so that when these inquiries come in, you just sort of dish it out. Is that the way you do it?

A. That's partly true. We have to use a form. If we didn't, we would be lost, but we do tailor it to meet the particular industry, the type manufacturing which he does, the number of people which he has, and the source of end sale of his product. To that extent it is tailored to his use; otherwise it does follow a formula, yes—which keeps us on track.

Q. Mr. Milburn, I have known you a long time, and I am [fol. 776] sure you will realize I am not trying to downgrade what you do. I'm just trying to find out what it is for the benefit of this record. Now, this actually is sort of like a stock exhibit or catalog or booklet which has been prepared, showing all of these matters concerning Durham, which you give to the folks that you think have some interest in locating a branch or plant in Durham. Isn't that true?

A. That is correct.

Q. In that paper you probably have mentioned the rail passenger, trains, the buses and the airlines, and everything that concerns Durham?

A. Everything that is a plus. I don't mention the minuses.

Q. I should like to ask this question. And Mr. Milburn, I know that you are going to try to give me a specific answer. Taking the last available period that you can remember, I would like to know the names of the people that you have interviewed and who have asked you initially about rail passenger service to and from Durham?

A. As you put it, the best I can remember, I would say in the last year there have probably been five or six who have initiated. Does that answer your question?

Q. Partly, yes, sir. Now I would like for you to give me

their names and the companies that they are connected with?

A. Well, there are two of them whose names I cannot give you. They don't want their names used. I will give [fol. 777] you Kingson Mills, the Providence Chemical Company of Providence, Eastern Air Lines, New York, and there are probably one or two others, but I don't remember whether they initiated or I did. When we get into a sales pitch, we don't put down what we say. We just tell the best story we can, and if I think of it I certainly tell them we have overnight service to New York by Pullman.

Q. You said you thought, in the past year, was it—that there have been five or six who initiated this question?

A. That's correct, if I understood your question correctly. That they asked me about passenger service to or from Durham.

Q. Rail passenger?

A. That's right.

Q. Now you said there were five or six and you gave us the names of three. The first was, was it Kingston Mills?

A. K-i-n-s-o-n.

Q. Was he the gentleman who testified already in this case?

A. Yes.

Q. Yes, he has. Next was the Providence Chemical Company. What happened to that deal?

A. We lost it to Charlotte.

Q. You lost it to Charlotte?

A. Bill Belfield, I guess he got them.

Q. What about Eastern Air Lines? What happened to that?

[fol. 778] A. In Charlotte, too.

Q. Now you say you travel to the east, western and south, and middle west, and that all of your travel is made by the trains involved in this case?

A. That's right.

Q. How often do you use these trains?

A. Oh, you run an average per year, my answer would be whenever I need to. But by the year I would say perhaps once a month, maybe not quite so often. Seven or eight times a year.

Q. That's all I have, Mr. Milburn.

Mr. Bryant: Thank you very much, Mr. Milburn.

Exam. Gibbons: The witness may be excused.

(Witness excused.)

F. M. SOUTHERLAND was duly sworn and testified as follows:

Direct examination.

By Mr. Burns:

Q. Mr. Southerland, you have been sworn, have you not?

A. Yes.

Q. Would you please state your name and address for the record?

A. F. M. Southerland, Mebane, North Carolina.

Q. What type of business are you engaged in?

A. Southerland Dye & Finishing Plant.

[fol. 779] Q. Is that located in Mebane?

A. Yes.

Q. Would you please tell us for the record where Mebane, North Carolina is in relation to Raleigh and Greensboro?

A. Mebane would be about fifty miles west of Raleigh, and twenty miles west of Durham, about thirty miles east of Greensboro.

Q. Is Mebane on the line of the Southern Railway running between Greensboro and Goldsboro?

A. Yes, it is.

Q. Passenger trains 13 and 16 stop and pick up and discharge passengers at Mebane?

A. That's correct.

Q. Is there any air service available in Mebane, North Carolina?

A. No. Only the Raleigh-Durham Airport and the Greensboro Airport.

Q. Is one closer than the other, or is it about the same distance?

A. About the same distance.

Q. Is the Greensboro airport located on the Mebane side of Greensboro, or on the other side of Greensboro?

A. It is on the other side.

Q. In other words, you have to go through Greensboro to get to the airport?

A. All around it.

[fol. 780] Q. Did you say about how far that airport was from Mebane?

A. I think the Greensboro airport is around 45 miles, and it's approximately the same, maybe a little shorter to the Raleigh-Durham.

Q. In connection with your business in Mebane, I believe you said you were in the textile business—dye and finishing?

A. That's right.

Q. Do you have any occasion to do any traveling?

A. Yes. Once in a while.

Q. Where do you travel?

A. Into the New York area.

Q. For what purpose is that travel?

A. To see the purchasing agents that we are connected with.

Q. About how often would you say that you went to New York?

A. No more than I can help. I would say two or three times a year.

Q. In your travel to New York, what type of transportation do you use?

A. I use Southern Railway. The ones you are speaking of—13 and 16.

Q. Are there other textile mills in the Mebane area?

A. Yes. There is Kale Knitting Mills and Dixie Mercerizing out of Chattanooga, Tennessee, has a plant there.

Q. Do you know, out of your own knowledge, whether officials or employees of these other companies in Mebane [fol. 781] make use of these trains to any extent?

A. Yes, I know a few of the men that use the train occasionally.

Q. Have you actually seen them?

A. I have seen them get on.

Q. Are you generally satisfied with the service that you

have received on the railroad, particularly trains 13 and 16 of the Southern Railway?

A. Generally, yes. I am pretty well satisfied with the service. The pullmans could be a little bit cleaner once in a while, but for the convenience of it, I can put up with it.

Q. Where do you buy your tickets and make your reservations for these trains?

A. I have bought them in Mebane and in Burlington.

Q. What is the reason why you select these trains as a method of transportation to New York?

A. I can leave the house five minutes before train time and be on the train.

Q. Is there a train station in Mebane?

A. Yes.

Q. Is there a bus station in Mebane?

A. No.

Q. Did I understand your answer in regard to the use of the trains, that you use them for convenience in getting [fol. 782] to and from New York?

A. Yes, that's right. It is the most convenient way from this area.

Q. Would, in your opinion, the discontinuance of these trains, adversely affect the business in which you are engaged and the community in which you live?

A. In my opinion, I think it would adversely affect the area in which all of us live here, in say taking from Alamance down through Orange, Durham and Wake County. We have the Research Triangle, which is between Raleigh, Durham and Chapel Hill, that is trying to building into a big thing, and which I think it will be in time. And frankly, I think this particular area of North Carolina would be one of the heaviest populated areas per square mile as we will have any place around us in the next ten or fifteen years. And I do think that by taking off the the two passenger trains that we have, will adversely affect maybe some of the people that might want to move their industries into our particular area here, and we are all connected together as close as we are, and all need to work together in bringing industries to our own

communities or close to us. I do think that it will have an effect upon that.

Q. One other question. What does the railroad do, to your own knowledge, to promote its service in the area in which you live?

[fol. 783] A. The area in which I live, I do not know of anything that it does to promote the passenger service that's available to us. I think once in a while they will run an ad in the Burlington Times News, or in our own local weekly paper, but as far as promoting the available passenger service, I can't remember seeing anything in our paper there at home.

Q. The ads you talk about, do they advertise passenger service generally, or freight service?

A. Freight and passenger. I can't remember the details that were in the ad.

Q. I believe that's all the questions I have of Mr. Southerland.

Cross examination.

By Mr. Dixon:

Q. Mr. Southerland, how often do you ride these trains?

A. I would say around two to three times a year. Sometimes it might be one. If I can get out of it, it won't be any. But whenever I go I go on the Southern Railway.

Q. You are not much of a traveler, then?

A. I am not much of a traveler.

Q. Do you ever ride the airlines?

A. I have ridden the airline into New York, over the past twelve years, one time.

Q. You also referred to other people who ride the trains or airlines, can you tell us just what that amounts to?

[fol. 784] A. Well, the industries there in Mebane, it could amount to right much. Particularly I am thinking of White Furniture Company.

Q. I think you used the word "could" there. I am asking you what it does amount to?

A. I would say it amounts to— I know of two men in particular with White Furniture Company, that they go

into the New York furniture area at least a couple of times a month. There's one other man there with Kale Knitting Mills, he will go up probably at least an average of once or twice a month. And Apparel, Incorporated there in Mebane, one of the gentlemen with them will go to the New York, Philadelphia area around once or twice a month.

Q. Do they go on the train?

A. Sometimes. I have seen them get on. In fact, I have been on the train with them.

Q. And sometimes they go by air?

A. I assume they do.

Q. When people living in Mebane go to New York by air, do they use the Greensboro-High Point airport?

A. They use both of them, I think.

Q. What is the other one?

A. I don't know which one they use more than the other.

Q. I don't know the name of the other one?

A. Raleigh-Durham.

[fol. 785] Q. I thought it might be Winston-Salem.

A. I used Winston-Salem coming back from Atlantic City not long ago. It was the only place I could get in.

Q. How did you get from the Winston-Salem airport about to Mebane?

A. Limousine to Greensboro, and then my wife met me at Greensboro. Took as long to get from Atlantic City as it would to come on the train.

Q. You said there was no bus station in Mebane. Should we assume from that that there is no bus service between Mebane and Greensboro?

A. No. There are buses that come through Mebane, but there is no bus station. They stop in front of the theater or drug store, some place along there.

Q. Have you ever ridden a bus between Mebane and Greensboro?

A. No.

Q. Are the schedules very frequent? Do you happen to know?

A. Not too many. I am just going by what I see in coming through.

Q. Now you said something in your direct testimony

about this area becoming a very heavily populated area, did you not?

A. I did.

Q. I should like to ask you this. Isn't it already one of the heaviest populated areas in the state of North Carolina?

[fol. 786] A. I haven't seen the statistics lately, but I think it is one of our most heavily populated areas here, and it is still growing.

Q. We are talking now, about the area between Raleigh, Goldsboro and Durham, Mebane and Greensboro?

A. That's right.

Q. That's all I have. Thank you, sir, very much.

Exam. Gibbons: The witness may be excused.

Mr. Burns: May I ask him one other question?

Exam. Gibbons: All right.

Redirect examination.

By Mr. Burns:

Q. When it comes right down to it, Mr. Southerland, about the only way you can get to New York is on this train, isn't it?

A. Well, I'll say it's the most convenient. I will say that. You can get there other ways, but it is the most convenient, and I frankly think that if they would really get out and promote that train through this area, I think they would get a lot of passengers.

Q. That's all, sir.

Mr. Burns: May I ask that the witness be excused.

Exam. Gibbons: The witness has already been excused.

(Witness excused.)

Mr. Burns: At this time may I take up something that we had yesterday? Exhibits—pardon me, we'll go ahead [fol. 787] with another witness.

Exam. Gibbons: This witness has been sworn, hasn't he?

Mr. Jones: Yes, sir.

FRANK W. JONES having been duly sworn, testified as follows:

Direct examination.

By Mr. Jones:

Q. What is your name, please?

A. Frank W. Jones.

Q. Mr. Jones, what is your occupation?

A. Office manager of Belk-Liggett Department Store in Durham.

Q. What kind of business does Belk-Liggett Department Store engage in?

A. All types of ladies' apparel, notions, jewelry, hosiery, most anything we can get to sell.

Q. In connection with the conduct of the business of Belk's Department Store, do you have buyers that have to travel to the New York market and other markets to buy material which you sell?

A. Yes, sir. We have to send buyers into the market over a period of ten months of the year.

Q. How many buyers do you ordinarily send at a time, during a ten months' out of the year?

A. Four to six buyers.

Q. Now, Mr. Jones, please state means of transportation [fol. 788] these buyers, four to six buyers, use about, in a ten month period in a year, to go to New York and buy merchandise for your company?

A. Sir, we use train service almost exclusively.

Q. Which trains?

A. 13 and 16 out of Durham.

Q. Are the trains the ones that we are speaking of in this hearing, is that right?

A. Yes, sir.

Q. Now, that goes for the trips from Durham to New York?

A. That's right, sir.

Q. Does it also apply to the trips from New York back to Durham?

A. Yes, sir.

Q. I believe you stated that that method of transportation is used exclusively?

A. That's right, sir.

Q. Now, Mr. Jones, will you please state for the Hearing Examiner and for the record, why your buyers use this method of transportation to and from New York?

A. There are several reasons why we use it. First reason, it is more convenient, the train schedule complies with our store opening and closing and people do not lose any selling time before they go to the market. Second reason is that the buyers have pullman accommodations and they [fol. 789] can arrive in New York and do a full day's work and have a good night's rest before they get there. Third reason, we usually send a man with the lady buyers and he can control the group there and do it better than any other method of transportation.

Q. This hearing concerns an application which has been filed by the Southern Railway Company for permission to discontinue the operation of these trains that your people have been using. Now if the authorities grant this application and discontinue the use of these trains, please state whether or not that would have any adverse effect upon the convenience and necessity and conduct of business in which you are engaged?

A. Yes, sir. It would have adverse conditions. It would mean that we would have to plan trips far enough ahead that someone could carry these people to, say Greensboro, by station wagon so that they could catch the train out of there.

Q. Would that result in a waste of time?

A. It would, sir.

Q. And expense?

A. We would require this person to carry these people to Greensboro. He would have to go there and come back and then at the end of the week, which is the normal time of a trip, he would have to go back and get them and then come back.

Q. Mr. Jones, you have just spoken in reference to the [fol. 790] buyers for your own company, Belk-Liggett Company?

A. Yes, sir.

Q. Do you know anything about the custom of the buyers for Ellis-Stone, Baldwin's and these other department stores in Durham, in this connection?

A. Yes, sir. They all ride the train. I don't know that they ride it exclusively, but they ride the train.

Q. Do they ride it very frequently?

A. Yes, sir.

Q. That is, these same trains?

A. That's right, because your buyers go to market as the season progresses, and usually the same stores send the same type of buyers.

Q. And those stores that I have just named, Ellis Stone Company, for instance, is a very large store, is it not?

A. Yes, sir.

Q. Baldwin's Store in Durham is a fairly large store, is it not?

A. Yes, sir.

Q. And of course your own store, Belk's is a very large store?

A. Yes, sir.

Q. And you say that these other stores use about the same methods that you employ?

A. Yes, sir.

[fol. 791], Q. And these buyers use these two trains?

A. That's right, sir.

Q. You may examine him.

Cross examination.

By Mr. Dixon:

Q. Mr. Jones, it's a little hard to hear over this amplifying system. What is your capacity? Is it Belk—B-e-l-k-s?

A. Belk-Liggett. It's a hyphenated word.

Q. Could you get up closer?

A. Belk, B-e-l-k, hyphenated word, Liggett Company.

Q. What is your capacity?

A. Office manager.

Q. And that's at a department store in Durham?

A. Yes, sir.

Q. I think you said something about buyers coming to

and from your store for, four or six times over a period of ten months?

A. They go into the market at least once a month. They seldom go in November and December.

Q. So during a period of ten months you have four to six buyers that come down here from New York, is it?

A. No, sir. Our buyers go to New York and return.

Q. Oh, your buyers go to New York and buy your merchandise and return?

A. That's right.

[fol. 792] Q. So that means four to six round trips every, well we might say every year, because they don't travel two months out of the year.

A. Four to six round trips every month, out of ten months. Four to six people I mean, go once a month.

Q. Go to New York once a month?

A. That's right.

Q. Four to six people go to New York?

A. Once a month, ten months out of the year.

Q. Now I have it. I am sorry. Now, I think you said they ride the trains exclusively?

A. That's right, sir.

Q. Don't they use the air at all, and if not, why?

A. Mostly the buyers are middle aged women and usually one man goes with them, so we want to keep the group together, and it's more convenient to go by train.

Q. Now, you spoke of buyers from other department stores in Durham, did you not?

A. Yes, sir.

Q. Do you know how frequently they ride the train?

A. I couldn't say to the number of times they go. I said before they go into the market seasonably, whenever the season changes, and they are seen on the trains our buyers go on, and I said they are usually the same.

Q. You don't know what that amounts to though, do you? [fol. 793] A. No, sir.

Q. Do you know how many of those people ride the airlines?

A. No, sir. I do not.

Q. Thank you very much.

Redirect examination.

By Mr. Jones:

Q. One more question, Mr. Jones. Ellis Stone sends about as many buyers up there as the others, do they not?

A. Yes, sir. They will send more.

Q. They will send more?

A. They will send more when Talheimer's get their new building.

Q. I believe Ellis Stone has been taken over by Talheimer's?

A. That's right, sir.

Q. That's all.

Exam. Gibbons: The witness may be excused.

[fol. 794] WILLIAM R. BELFIELD having been duly sworn, testified as follows:

Direct examination.

By Mr. Dixon:

Q. Please state your name, residence, and occupation?

A. My number is—name is W. R. Belfield; I am General Industrial Agent, Southern Railway Lines. My office is in Charlotte, North Carolina.

Q. Are you the same W. R. Belfield who testified in the hearing on these trains before the Utilities Commission of North Carolina?

A. I am.

Q. Is your testimony shown on pages 351 through 371 of the State Commission transcript?

A. Yes, sir.

[fol. 795] Q. Mr. Belfield, if you were asked the same questions today that you were asked on October 1959, with respect to the effect of the passenger service on industrial development on this line and elsewhere, would

there be any difference in the answers you have given in the State Commission case?

A. None at all.

Q. Have you been in the Hearing Room since last Tuesday, and have you heard the testimony of the various witnesses in this proceeding?

A. Yes, sir.

Q. Have any of those witnesses said anything that would change the answers you gave in the State Commission proceeding?

A. No, sir.

Q. Do you have anything you would like to add to the testimony that you gave before the State Commission?

A. Only that since that time, I have been in touch with a great many industrial prospects. I have furnished them with a great deal of information, and as I have just said, there has been nothing to change my former statements. The industrial growth of this section of the line, the interest in it continues. I have at least three active prospects at this time. One of them I think is referred to in the paper, in the Durham paper this morning. I took that prospect to Durham and I am hopeful that something will come of it. You never know until you get to the end of [fol. 796] the line, but I repeat again that what I have said before, and that is to the effect that the presence or non-presence of passenger transportation, rail passenger transportation, has little or no inference on the decision of an industry to locate in a given town.

Q. Thank you, sir. That's all I have.

Exam. Gibbons: Cross examination is in order.

Cross examination.

By Mr. Burns:

Q. One of the questions you were asked before the State Commission was about the Southern's acquisition of the A & EC Railroad from Greensboro to Morehead City?

A. Yes, sir.

Q. And I believe you said, and correct me if I'm wrong,

is that that had given additional impetus to the industrial growth of the area served by trains 13 and 16?

A. We stated that we expected it would, yes.

Q. Do you provide passenger service over that segment of the line?

A. No, sir.

Q. But you do a substantial amount of freight business, do you not?

A. It's growing, yes.

Q. Do you know whether or not your expenses on that segment of the line of handling freight are as high as 50% of your gross revenues?

A. I wouldn't know, sir.

[fol. 797] Q. It is a fact that substantial things have happened on that segment of the line which will increase the freight moving in that direction. Is that not true?

A. I'll say this. That there seems to be, the port facilities at Morehead City have been improved. There will be further improvements if the recommendations of the Ports Authority are adopted.

Q. By that do you mean the ICC's Examiner's report?

A. No. I am talking about—the ICC Examiner's report wherein he recommended that circuit rates be made equal with Wilmington, I think that will have a very beneficial effect.

Q. What way does your railroad have in getting to Morehead City except over the segment of line running between Greensboro and Goldsboro?

A. None.

Q. That's all the questions I have.

By Mr. Bryant:

Q. Mr. Belfield, I understood you to say that the freight business is growing on this line?

A. On the A & EC?

Q. I am speaking of this route, Greensboro to Goldsboro.

A. I said that the interests of industrial prospects continues excellent along this section of the line.

Q. When you say that the freight business is growing, you are speaking now as compared with the time that you testified before?

[fol. 798] A. I am not speaking of the freight business. I am speaking of the interest in this segment of the line. I say, if it continues—

Q. I am trying to get the exact quotation. I understood you to say the freight business is growing. Did you say that?

A. I don't recall. I meant to say that the interest of the industrial development people continues to be excellent on this segment of the railroad.

Q. And does that show up in your freight, amount of freight hauled?

A. The interest doesn't show up in the amount of freight hauled until we have a plant located as the result of that.

Q. Since you have testified here before, when this matter was before the Commission, you do now have this direct line from Greensboro to Morehead City, do you not?

A. We had it then.

Q. And at Morehead City there is located the North Carolina port?

A. Yes.

Q. To deep water?

A. Yes.

Q. Also, do you have any camps located between Goldsboro and Morehead City?

A. Seymour Johnson, outside of Goldsboro.

Q. That's east of Goldsboro, I believe?

[fol. 799] A. That's on the Atlantic Coastline Railroad.

Q. What else?

A. We have Cherry Point, which is a marine air station at Havelock.

Q. What else?

A. We have, we have just started operation of the Camp Lejeune, near Jacksonville—

Q. For the record, what is Camp Lejeune?

A. It's the marine training station.

Q. Isn't that the largest marine training station in the United States?

A. I have heard that.

Q. And for the record, also, what is at Cherry Point?

A. That is the marine air station.

Q. The marine air station, and that too is one of the largest marine air stations in the United States, is it not?

A. It is certainly substantial in size. Yes, sir.

Q. In addition to that, Mr. Belfield, is it not a fact that since you testified before, there has been a substantial growth in industry in the Burlington area?

A. Since I testified before, I know that the Willard Company has moved in.

Q. Have not other companies moved in, too, and has not the Burlington industrial area increased in size and volume of manufacturing?

[fol. 800] A. The Burlington area, speaking of Burlington alone, there has not been, you understand that our reporting of industries we consider in our records only pretty substantial size things that probably have some freight.

Q. Has the freight business in and out of Burlington increased or decreased since the last hearing?

A. I haven't quite finished answering the first question, but if you want to go on with that—

Q. I beg your pardon. I did not mean to interrupt you. Finish your question, please.

A. The only one I have got in my records is Willard Industries, because there may have been others, but they may have been inconsequential to the railroad's business.

Q. My question which I did not intend to interrupt you with, but which I now ask you, is whether or not the freight business in and out of the Burlington area hauled by the Southern Railway Company has increased or decreased since you testified before the Commission in this case?

A. I don't have those records.

Q. Do you know whether it has increased in the Durham area?

A. I don't have the station records with me, sir. I would not know. I know we have had industrial activity in Durham and interest in Durham.

Q. Don't you know, as a matter of fact, that the freight shipments out of Durham and in Durham have increased [fol. 801] during the past two years?

A. I don't have those records, sir. I don't look at those records as a part of my job.

Q. What is your function? What is your duty with the railroad company, Mr. Belfield?

A. My duty is to promote the industrial development along the lines of the Southern Railway System, and in North Carolina, South Carolina, Virginia and a part of Georgia.

Q. All right, now. I ask you, sir, if in your duties as Industrial Promotion Agent, whether you have promoted, whether any new industries have been established in either Durham or the Burlington area in the past two years?

A. I can tell you what has been established in those two areas in the past two years.

Q. I don't mean to cut you off. I am simply trying to find out from you whether or not there has been any increase in the industrial activity in those two areas in the past two years?

A. I can give you the answer to that in accordance to what records we have, but we keep records of those who possibly will have freight business. In the Durham area in 1960 we had an expansion of a Southern Air Company, with an investment of \$55,000. We had an expansion of the Durham Distributing Company's activities. That's a beer distributor. We had an expansion of the Dillon Bar [fol. 802] Septic Tank Service. We had a Home Building Supply Company, building and hardware distributors. We had Milbourne Mills, a very substantial investment in 1960. This is Durham, now. In 1961, the Owens-Illinois Glass Company, which makes molds for glass containers and a new industry, which is under construction. We had the Mike Roberts Colored Products Company, which makes post cards principally, which is a new one. And I think I mentioned the Sta Rite Tank Company.

Now Burlington, we had Willard Industries, Inc., which is a bronze worker. I think that should answer your question.

Q. Were there any others in the Burlington area?

A. I said in Burlington Willard was the only one I had a record of.

Q. Have you given us the ones which were on the Southern lines?

A. No. Just in the town.

Q. I believe that's all.

By Mr. Holton:

Q. I would like to ask Mr. Belfield a question, if I may. Mr. Belfield, do you have any figures now regarding the impact of, say, a hundred new employees that these industries bring into the area. That's dollar-wise figures?

A. There are figures to that effect put out by the United States Chamber of Commerce. About two or three years ago they estimate that one job means so many new automobiles [fol. 803] and so forth. I know of those figures. I don't have them with me.

Q. Would they be available by you?

A. I would be glad to send them to you, if you'd like me to. If you want them in this record, I can't get them.

Q. Would you object to putting them in this record?

Mr. Dixon: Yes, we will. We don't want them in this record.

The Witness: You can get them at almost any Chamber of Commerce. I know you get them here in Raleigh.

By Mr. Holton:

Q. Mr. Belfield, I believe you stated that you service a place called Camp Lejeune. The Southern Railway serves them?

A. The Camp Lejeune railroad services them.

Q. What is the Camp Lejeune railroad?

A. It's a subsidiary company controlled by the Southern Railway. It's part of the system.

Q. You mean the Southern Railway owns the Southern— the Camp Lejeune Railroad?

A. I don't want to get that technical. I can't tell you exactly what the set up is. I know that it is operated by the A & EC Railroad.

Q. What I am trying to find out, say, last year, the government was shipping a hundred pounds of military material from Camp Lejeune, how would A & EC Railroad [fol. 804] get possession of it?

A. Last year?

Q. Yes.

A. Well, the A & EC Railroad last year didn't serve Camp Lejeune.

Q. How would it be delivered today?

A. I can't get into that. That's not my field.

Q. Isn't it a fact that the Southern Railway performs a switching service at that Camp Lejeune military installation today?

A. I don't know that to be a fact, because I am not familiar with the details of the operation down there.

Q. Will you agree that there is a petition pending before the Interstate Commerce Commission requesting a switching service?

A. It hasn't come to my attention.

Q. Is such a petition pending?

A. I don't know, sir.

Q. Then last year the military switching service delivered cars to Havelock and gave it to the A & EC Railroad. Is that right?

A. The A & EC Railroad operates through Havelock. I don't know how or who performs the switching.

Q. If today the Southern Railway was furnishing switching service at Camp Lejeune, it would be in effect deriving [fol. 805] additional revenue and would the effect be, would in effect have the own representatives of the military base look out for their interests on solicitation and a switching service?

A. I can't answer that, sir, because I don't get into that angle.

Q. Suppose I told you it was so?

A. I would listen, but I wouldn't know it was so, because I have no way of checking it.

Q. Would you be surprised to hear it's so?

A. I am surprised by a lot of things.

Q. I don't believe I have any further questions.

Exam. Gibbons: You didn't make any specific requests for information, did you?

Mr. Holton: Regarding the employees? No, sir. I did not.

Exam. Gibbons: Do you have a question, Mr. Bryson?

Mr. Bryson: No, sir.

Exam. Gibbons: Any further cross examination?

(No response.)

Exam. Gibbons: If not, the witness may be excused.

PRESENT SCHEDULE

Greensboro-Goldsboro, N. C., Truck Route

Trip: Greensboro-Goldsboro

Daily
Exc.
Sun

12:30 AM
2:45
3:30
4:50 AM

Lv. Greensboro
Ar. Raleigh
Lv. Raleigh
Selma*
Ar. Goldsboro

Ar.
Lv.
Ar.
Lv.
Lv.

Daily
Exc.
Sun

1:30 AM
11:15 PM
10:15 PM
9:15 PM
8:30 PM

* - Works Selma only on Westbound trip on
advice of Agent at Goldsboro, NC

Trip: Greensboro-Raleigh-Durham

Daily
Exc.
Sat & Sun

1:15 AM
3:30 AM
4:00 AM
4:45 AM

Daily
Exc.
Sat & Sun

4:30 PM
-
-
6:00 PM

Lv. Greensboro
Ar. Raleigh
Lv. Raleigh
Burlington
Ar. Durham

Daily
Exc.
Sat & Sun

8:00 PM
-
-
6:30 PM

Daily
Exc.
Sat & Sun

4:00 PM
-
-
3:00 PM
2:05 PM

Sat & Sun

2:00 AM
4:15 AM
4:45 AM
5:30 AM

Lv. Greensboro
Ar. Raleigh
Lv. Raleigh
Ar. Durham

Sat & Sun

8:15 AM
-
-
6:45 AM

Trip: Greensboro-Burlington

Daily
Exc.
Sun

8:15 AM
9:00 AM
9:10 AM
9:50 AM

Lv. Greensboro
Ar. Burlington
Lv. Burlington
Ar. Greensboro

Ar.
Lv.
Ar.
Lv.

Daily
Exc.
Sun

7:30 PM
6:30 PM
8:30 PM
7:45 PM

[61,806]
BEFORE THE INTERSTATE COMMERCE COMMISSION
EXHIBIT H-1

PROPOSED SCHEDULE

Greensboro-Goldsboro, N. C., Truck Route

Trip "A"

Daily
Exc.
Sun

12:00 M
2:15 AM
3:00 AM
3:15 AM
3:40 AM
-
4:30 AM
4:45
5:05 AM

Lv. Greensboro Ar.
Ar. Raleigh Lv.
Lv. Raleigh Ar.
Garner
Clayton
Selma
Pine Level
Princeton
Ar. Goldsboro Lv.

Daily
Exc.
Sun

1:45 AM
11:30 PM
10:45 PM
-
10:15 PM
9:15 PM
-
-
8:30 PM

Trip "B"

Daily
Exc.
Sat & Sun

1:15 AM 2:30 PM
- -
3:30 -
4:00 -
4:45 AM 4:00 PM

Lv. Greensboro Ar.
Hillsboro
Ar. Raleigh Lv.
Lv. Raleigh Ar.
Durham Lv.

Daily
Exc.
S&S

2:00P 7:35P
1:00P -
- -
- -
12:30P 6:05P

Daily
Exc.
S&S

7:15A
-
-
-
5:45A

Sat
and
Sun

Trip "C"

Daily
Exc.
Sat & Sun

8:00 AM
8:30 AM
8:45 AM
9:15 AM
9:30 AM
9:45 AM
10:15 AM

Satur-
day

8:00 AM Lv.
-
-
-
-
-
8:45 AM Ar.

Greensboro Ar.
Gibsonville
Ar. Burlington Lv.
Lv. Burlington Ar.
Haw River
Mebane
Burlington Lv.

Daily
Exc.
Sat & Sun

7:15 PM
6:50 PM
6:30 PM
6:00 PM
-
5:30
5:00 PM

Satur-
day

4:30 PM
-
-
-
-
-
3:45 PM

BEFORE THE INTERSTATE COMMERCE COMMISSION

EXHIBIT H-2

[fol. 807]

VOLUME - SHIPMENTS

MAR. 1960 - FEB. 1961

<u>Office</u>	<u>Average Monthly Shipments</u>	<u>Trains Nos. 12 & 14</u>
Cibola	238	238
Elon College } Burlington }	8,582	
Law River	40	40
Hobbs	440	440
Hillsboro	108	108
Durham	9,220	
Raleigh	4,072	
Garnett	88	88
Clayton	107	107
Selma	188	
Pine Level	36	36
Princeton	25	25
Goldstone	930	
TOTAL	23,923	1,080

[fol. 808]

BEFORE THE INTERSTATE COMMERCE COMMISSION

EXHIBIT H-3

EXHIBIT H-4

SOUTHERN RAILWAY COMPANY

PASSENGERS HANDLED ON TRAIN 13 (OPERATING DAILY GOLDSBORO, N. C. TO GREENSBORO, N. C.)
JANUARY THRU MAY 1961 - 151 TRIPS

FROM

TO

	On	D/A *	Off	D/A *	Rose, N. C.	Princeton, N. C.	Pine Level, N. C.	Selma, N. C.	Wilsons Mills, N. C.	Clayton, N. C.	Garner, N. C.	Raleigh, N. C.	Cary, N. C.	Morrisville, N. C.	Durham, N. C.	Glenn, N. C.	Hillsboro, N. C.	Efland, N. C.	Mebane, N. C.	Hav River, N. C.	Graham, N. C.	Burlington, N. C.	Elon College, N. C.	Gibsonville, N. C.	McLeansville, N. C.	Greensboro, N. C.
Goldsboro, N. C.	1,292	8.6	-	64	5	204	3	2	162	563	2	106	6	1	6	168										
Rose, N. C.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5
Princeton, N. C.	41	.3	64	.4	-	-	21	-	-	-	-	7	-	-	8	-	-	-	-	-	-	-	-	-	-	1
Pine Level, N. C.	5	-	5	-	-	-	-	-	1	-	-	-	-	-	3	-	-	-	-	-	-	-	-	-	-	32
Selma, N. C.	203	1.3	225	1.5	-	-	-	4	47	-	-	65	-	-	40	-	11	-	-	-	-	-	-	-	-	6
Wilsons Mills, N. C.	12	.1	7	-	-	-	-	-	-	-	3	6	-	-	5	-	-	-	-	-	-	-	-	-	-	6
Clayton, N. C.	30	.2	50	.3	-	-	-	-	-	-	-	15	-	-	6	-	-	-	-	-	-	-	-	-	-	6
Garner, N. C.	24	.2	165	1.1	-	-	-	-	-	-	-	5	5	-	14	-	-	-	-	-	-	-	-	-	-	310
Raleigh, N. C.	565	3.7	661	4.4	-	-	-	-	-	-	-	-	25	-	210	-	-	-	10	1	-	9	-	-	-	310
Cary, N. C.	2	-	32	.2	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-
Morrisville, N. C.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Durham, N. C.	1,515	10.0	394	2.6	-	-	-	-	-	-	-	-	-	-	-	4	110	-	17	-	1	26	4	-	-	1,353
Glenn, N. C.	1	-	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13
Hillsboro, N. C.	62	.4	127	.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13
Efland, N. C.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34
Mebane, N. C.	59	.4	28	.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24	-	3
Hav River, N. C.	3	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2
Graham, N. C.	2	-	8	.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	548
Burlington, N. C.	560	3.7	90	.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	11	8
Elon College, N. C.	8	.1	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gibsonville, N. C.	-	-	35	.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
McLeansville, N. C.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Greensboro, N. C.	-	-	2,483	16.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	4,384	29.0	4,384	29.0	-	64	5	225	7	50	165	661	32	-	394	4	127	-	28	1	8	90	5	35	-	2,483

* - Daily Average
151 Days

PASSENGERS HANDLED ON TRAIN 16 (OPERATING DAILY GREENSBORO, N. C. TO GOLDSBORO, N. C.)
JANUARY THRU MAY 1961 - 151 TRIPS

FROM

TO

	On	D/A*	Off	D/A*	McLeansville, N. C.	Gibsonville, N. C.	Elon College, N. C.	Burlington, N. C.	Graham, N. C.	Haw River, N. C.	Mebane, N. C.	Efland, N. C.	Hillsboro, N. C.	Glenn, N. C.	Durham, N. C.	Morrisville, N. C.	Cary, N. C.	Raleigh, N. C.	Garner, N. C.	Clayton, N. C.	Wilsons Mills, N. C.	Selma, N. C.	Pine Level, N. C.	Princeton, N. C.	Rose, N. C.	Goldsboro, N. C.
Greensboro, N. C.	2,004	13.3	-	-	3	40	441	1	5	21	9	6	1,111		235	1	15	4								112
McLeansville, N. C.	-	-	-	-																						
Gibsonville, N. C.	3	-	3	-																						
Elon College, N. C.	5	-	40	.3			5																			
Burlington, N. C.	26	.2	446	3.0						10	5		3		2				4							2
Graham, N. C.	-	-	1	.2																						
Haw River, N. C.	2	-	5	-											1			1								
Mebane, N. C.	25	.2	31	.2							1	4			9		3	6		2						
Efland, N. C.	1	-	1	-													1									
Hillsboro, N. C.	38	.3	18	.1										22				4				6				6
Glenn, N. C.	2	-	6	-										2												
Durham, N. C.	657	4.4	1,148	7.6											2		580		7	7	19	2	2			38
Morrisville, N. C.	-	-	2	-														6								
Cary, N. C.	6	-	4	-																						
Raleigh, N. C.	910	6.0	837	5.5															10	342	2	13	1	1		541
Garner, N. C.	230	1.5	10	.1															6			64				160
Clayton, N. C.	129	.9	358	2.4																	4	122	1	1		1
Wilsons Mills, N. C.	62	.4	13	.1																				62		
Selma, N. C.	87	.6	243	1.6																			2	9		76
Pine Level, N. C.	1	-	6	-																				1		
Princeton, N. C.	362	2.4	80	.5																						362
Rose, N. C.	-	-	-	-																						
Goldsboro, N. C.	-	-	1,298	8.6																						

Total 4,550 30.1 4,550 30.1 - 3 40 446 1 5 31 1 18 6 1,148 2 4 837 10 358 13 243 6 80 - 1,298

* Daily Average
151 Days

BEFORE THE INTERSTATE COMMERCE COMMISSION

EXHIBIT H-5

SOUTHERN RAILWAY COMPANY

Passenger Traffic Statistics

Trains 13 and 16 Operating Between Greensboro, N. C. and Goldsboro, N. C.

January Thru May 1961

[fol. 811]

	<u>Trains 13 and 16</u>	<u>Train No. 13</u>	<u>Train No. 16</u>
Number of Trips Operated	302	151	151
Trip Mileage	129	129	129
Total Train Miles Operated	38,958	19,479	19,479
Total Number of Passengers Carried	8,934	4,384	4,550
Total Passenger Miles	388,334	207,823	180,511
Total Passenger Revenue	\$10,653	\$5,773	\$4,880
Average Number of Passengers Per Trip	29.6	29.0	30.1
Average Miles Per Passenger	43.5	47.4	39.7
Average Revenue Per Passenger (Cents)	119.241	131.683	107.253
Average Passenger Revenue Per Train Mile (Cents)	27.345	29.637	25.053
Average Passenger Miles Per Train Mile	9.97	10.67	9.27

808

BEFORE THE INTERSTATE COMMERCE COMMISSION

SOUTHERN RAILWAY COMPANYEXHIBIT H-6Trains 13 and 16 Operating Between Greensboro, N. C. and Goldsboro, N. C.Passenger Traffic Statistics

Year	Train No. 13					Train No. 16					Total - Trains Nos. 13 and 16				
	No. of Trips	No. of Pass.	Passenger Revenue	Ave. No. of Pass. Per Trip	Average Pass. Rev. Per Trip	No. of Trips	No. of Pass.	Passenger Revenue	Ave. No. of Pass. Per Trip	Average Pass. Rev. Per Trip	No. of Trips	No. of Pass.	Passenger Revenue	Ave. No. of Pass. Per Trip	Average Pass. Rev. Per Trip
1948	366	34,094	\$35,373	93.15	\$96.65	366	22,645	\$25,161	61.87	\$68.75	732	56,739	\$60,534	77.51	\$82.70
1949	365	24,184	30,625	66.26	83.90	365	15,904	19,732	43.57	54.06	730	40,088	50,357	54.92	68.98
1950	325	15,578	21,595	47.93	66.45	325	11,046	14,142	33.99	43.51	650	26,624	35,737	40.96	54.96
1951	365	16,904	24,685	46.31	67.63	365	12,265	15,772	33.60	43.21	730	29,169	40,457	39.96	55.42
1952	366	14,537	22,549	39.72	61.61	366	11,138	15,628	30.43	42.70	732	25,675	38,177	35.08	52.15
1953	365	12,187	18,521	33.39	50.74	365	9,921	14,131	27.18	38.72	730	22,108	32,652	30.28	49.73
1954	365	10,437	15,792	28.60	43.27	365	8,433	11,869	23.10	32.52	730	18,870	27,661	25.85	37.89
1955	365	10,847	16,344	29.72	44.78	365	9,601	13,279	26.30	36.38	730	20,448	29,623	28.01	40.58
1956	366	10,915	17,389	29.82	47.51	366	9,317	12,876	25.46	35.18	732	20,232	30,265	27.64	41.35
1957	365	7,964	12,726	21.82	34.87	365	7,794	11,117	21.35	30.46	730	15,758	23,843	21.59	32.66
1958	365	8,082	12,942	22.14	35.46	365	8,337	12,213	22.84	33.46	730	16,419	25,155	22.49	34.46
1959	365	6,462	9,383	17.70	25.71	365	7,789	10,456	21.34	28.65	730	14,251	19,839	19.52	27.18
1960	366	7,076	10,394	19.33	28.40	366	7,700	10,741	21.04	29.35	732	14,776	21,135	20.19	28.87
5 Mos. 1961	151	4,384	5,773	29.03	38.23	151	4,550	4,880	30.13	32.32	302	8,934	10,653	29.58	35.27

BEFORE THE INTERSTATE COMMERCE COMMISSION

EXHIBIT H-7

SOUTHERN RAILWAY COMPANY

Operating Results of Passenger Trains Nos. 13 and 16

Greensboro, N. C. to Goldsboro, N. C.

January thru May 1961

	Train No. 13	Train No. 16	Total
Revenues:			
Passenger	\$ 5,773	\$ 4,880	\$10,653
Express	2,300	2,397	4,697
Miscellaneous	-	140	140
Total Revenues	\$ 8,073	\$ 7,417	\$15,490
Direct Expenses:			
Wages, Train and Engine Crews	\$19,262	\$17,411	\$36,673
Payroll Tax, R.R. Retirement & Unemp. Ins.	1,050	1,050	2,100
Train Fuel	2,489	2,489	4,978
Injuries to Persons	3,500	-	3,500
Pullman Co. Net Loss	572	572	1,144
Engine House Expenses	326	326	652
Passenger Locomotive Lubricants	403	403	806
" " Other Supplies	87	87	174
" " Repairs	4,609	4,609	9,218
" " Train Cars-CHLW & Icing	1,300	1,291	2,591
" " " -Lubricants	76	74	150
" " " -Other Expenses	172	170	342
" " " -Repairs	2,035	2,017	4,052
" " " -Air Conditioning	877	877	1,754
Goldsboro Union Station	1,049	1,049	2,098
Rental of Equipment	45	44	89
Total Direct Expenses	\$37,852	\$32,469	\$70,321
Direct Expenses in Excess of Revenues	\$29,779	\$25,052	\$54,831
Ratio - Total Direct Expenses to Total Revenues			454
i.e. \$4.54 was expended to earn a revenue dollar.			

January thru May 1961

	Train No. 13	Train No. 16	Total
Revenues:			
Passenger	\$ 5,773	\$ 4,880	\$10,653
Express	2,300	2,397	4,697
Miscellaneous	-	140	140
Total Revenues	\$ 8,073	\$ 7,417	\$15,490
Direct Expenses:			
Wages, Train and Engine Crews	\$19,262	\$17,411	\$36,673
Payroll Tax, R.R. Retirement & Unemp. Ins.	1,050	1,050	2,100
Train Fuel	2,489	2,489	4,978
Injuries to Persons	3,500	-	3,500
Pullman Co. Mat Loss	572	572	1,144
Engine House Expenses	326	326	652
Passenger Locomotive Lubricants	403	403	806
" " Other Supplies	87	87	174
" " Repairs	4,609	4,609	9,218
" " Train Cars-CHW & Icing	1,300	1,291	2,591
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Direct Expenses in Excess of Revenues	\$29,779	\$25,052	\$54,831
Ratio - Total Direct Expenses to Total Revenues			454
i.e. \$4.54 was expended to earn a revenue dollar.			

Items of Expense Not Included:

Maintenance of Way-Tracks and Structures
 " " -Supervision-Depreciation-Retirements
 Maintenance of Equipment-Supervision-Depreciation-Retirements
 All Traffic Expenses
 Transportation-Supervision-Train Dispatching and numerous
 Overhead Accounts
 All General Expenses
 All Taxes - except Payroll
 All Fixed Charges, i.e., Bond Interest, etc.

[fol. 813]

[fol. 814]

BEFORE THE INTERSTATE COMMERCE COMMISSION

EXHIBIT H-8

SOUTHERN RAILWAY SYSTEM

**FEEDER VALUE OF TRAINS 13 AND 16, OPERATING
BETWEEN GREENSBORO, N. C. AND GOLDSBORO, N. C.
ACCRUING TO THE SOUTHERN RAILWAY SYSTEM**

**System Off Line Revenue
Less 50% Operating Costs**

**January
Thru
May 1961
\$34,533
17,266**

**Net Revenue Accruing to Southern Railway System
For Off Line Passengers From Trains 13 and 16**

\$17,267

EXHIBIT H-9

SOUTHERN RAILWAY COMPANY

GENERAL BALANCE SHEET AS OF APRIL 30, 1961

ASSETS

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT ASSETS:

701 Cash	\$ 14,681,471
702 Temporary cash investments	32,072,000
703 Special deposits	601,327
706 Net balances receivable from agents and conductors	4,809,856
707 Miscellaneous accounts receivable	10,441,206
708 Interest and dividends receivable	492,359
709 Accrued accounts receivable	3,422,877
710 Working fund advances	446,128
711 Prepayments	2,681,280
712 Material and supplies	6,917,388
713 Other current assets	154,321
Total current assets	\$ 76,729,214

SPECIAL FUNDS:

715 Sinking funds	\$ 1,281
716 Capital and other reserve funds	306,251
717 Insurance and other funds	550,676
Total special funds	\$ 858,208

INVESTMENTS:

721 Investments in affiliated companies	\$110,418,026
722 Other investments	473,862
Total investments	\$110,891,888

PROPERTIES:

731 Road and equipment property	\$776,009,918
732 Improvements on leased property	50,045,570
733 Acquisition adjustment	(91,377)
734 Donations and grants - Cr.	(14,607,241)
Total transportation property	\$807,356,870
735 Accrued depreciation - Road and Equipment	(140,124,901)
736 Amortization of defense projects - Road and Equipment	(30,650,262)
Total transportation property less recorded depreciation and amortization	\$636,581,707
737 Miscellaneous physical property	4,588,996
738 Accrued depreciation - Miscellaneous physical property	(36,023)
Miscellaneous physical property less recorded depreciation	4,552,973
Total properties less recorded depreciation and amortization	\$641,134,680

OTHER ASSETS AND DEFERRED CHARGES:

741 Other assets	\$ 3,404,375
742 Unamortized discount on long-term debt	672,580
743 Other deferred charges	3,693,246
Total other assets and deferred charges	\$ 7,770,201

TOTAL ASSETS \$837,455,190

CURRENT LIABILITIES:

752 Traffic and car-service balances - Cr.	\$ 1,717,182
753 Audited accounts and wages payable	8,578,350
754 Miscellaneous accounts payable	4,189,597
755 Interest matured unpaid	381,710
756 Dividends matured unpaid	223,159
757 Unmatured interest accrued	2,565,519
758 Unmatured dividends declared	5,995,611
759 Accrued accounts payable	8,031,383
760 Federal income taxes accrued	16,982,503
761 Other taxes accrued	5,274,177
763 Other current liabilities	1,716,449
Total current liabilities (exclusive of long-term debt due within one year)	\$ 55,655,640

LONG-TERM DEBT DUE WITHIN ONE YEAR:

764 Equipment obligations and other debt	\$ 12,682,596
--	---------------

LONG-TERM DEBT:

	Total issued	Held by or for Company	
765 Funded debt unmatured	\$181,467,700	\$24,339,200	\$157,128,500
766 Equipment obligations	60,725,845	-0-	60,725,845
769 Amounts payable to affiliated companies			718,662
Total long-term debt			\$218,573,307

RESERVES:

773 Equalization reserves	\$ 353,289
774 Casualty and other reserves	5,929,630
Total reserves	\$ 6,282,919

OTHER LIABILITIES AND DEFERRED CREDITS:

782 Other liabilities	\$ 3,444,899
784 Other deferred credits	2,329,412
785 Accrued depreciation - Leased property	7,268,152
Total other liabilities and deferred credits	\$ 13,042,463

SHAREHOLDERS' EQUITY:

	Total issued	Held by or for Company	
Capital stock (Par or stated value):			
791 Capital stock issued	\$190,362,300	\$ 1,916,000	\$188,446,300
Capital surplus:			
795 Paid-in surplus			\$ 319,412
796 Other capital surplus			288,927
Total capital surplus			\$ 608,339
Retained income:			
797 Retained income - Appropriated			\$ 3,410,288
798 Retained income - Unappropriated			338,753,336
Total retained income			\$342,163,624
Total shareholders' equity			\$531,218,263

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY \$837,455,190

SOUTHERN RAILWAY COMPANY

Income Account for Four Months ended April 30, 1961

I. OPERATING INCOME:

(A) RAILWAY OPERATING INCOME:

501 Railway operating revenues.....	\$82,281,054
531 Railway operating expenses.....	60,862,792
Net revenue from railway operations.....	21,418,262
532 Railway tax accruals.....	8,810,497
Railway operating income.....	12,607,765

(B) RENT INCOME:

504 Rent from locomotives.....	808,754
505 Rent from passenger-train cars.....	822,788
507 Rent from work equipment.....	33,058
508 Joint facility rent income.....	366,148
Total rent income.....	2,030,748

(C) RENTS PAYABLE:

536 Hire of freight cars-Debit balance.....	3,147,916
537 Rent for locomotives.....	1,225,622
538 Rent for passenger-train cars.....	468,630
540 Rent for work equipment.....	31,995
541 Joint facility rents.....	1,098,254
Total rents payable.....	5,972,417
Net rents - Debit.....	3,941,669
Net railway operating income.....	8,666,096

II. OTHER INCOME:

509 Income from lease of road and equipment.....	11,847
510 Miscellaneous rent income.....	212,111
511 Income from nonoperating property.....	(41,365)
513 Dividend income.....	1,123,255
514 Interest income.....	651,139
516 Income from sinking and other reserve funds.....	7,746
519 Miscellaneous income.....	25,867
Total other income.....	1,990,600
Total income.....	10,656,696

III. MISCELLANEOUS DEDUCTIONS FROM INCOME:

543 Miscellaneous rents.....	110,664
544 Miscellaneous tax accruals.....	154
551 Miscellaneous income charges.....	121,910
Total miscellaneous deductions.....	232,728
Income available for fixed charges.....	10,423,968

IV. FIXED CHARGES:

542 Rent for leased roads and equipment.....	630,774
546 Interest on funded debt:	
(A) Fixed interest.....	3,359,717
548 Amortization of discount on funded debt.....	32,977
Total fixed charges.....	4,023,468
Income after fixed charges.....	6,400,500

VI. DISPOSITION OF NET INCOME:

602 Balance of income transferred to retained income.....	6,400,500
---	-----------

IOC FINANCE DOCKET 21563

WITNESS: J. V. K144

**ESTIMATED BENEFITS TO BE DERIVED BY
REMOVAL OF PASSENGER SERVICE, BETWEEN
GREENSBORO, N.C. AND GOLDSBORO, N.C.**

<u>Station</u>	<u>Annual Saving in Maintenance</u>	<u>Annual Rental for lease of Property</u>	<u>Sale of Property</u>	<u>Annual Savings on Heating and Utilities</u>
Wilmington	95	-	-	9
Rich College	120	-	-	10
Wilmington	725	2,250	-	300
Graham	-	-	-	-
Law River	-	-	-	-
Hobbes	-	-	-	-
Ellisboro	51	-	-	4
*Durham	2,090	-	-	1,425
Waverlyville	-	-	-	-
*City	-	-	-	-
Raleigh	855	4,570	-	2,300
Garner	-	-	-	-
Clayton	40	-	-	-
*Salma	-	-	-	-
Pine Level	-	-	-	-
Princeton	70	-	-	-
*Goldsboro	-	-	-	-
	<u>\$4,046</u>	<u>\$6,820</u>		<u>\$4,149</u>

*Jointly Owned

NOTE: Total cost of converting passenger station to freight station - Raleigh \$38,800

[fol. 817]
BEFORE THE INTERSTATE COMMERCE
EXHIBIT H-11

GREENSBORO, N.C. AND GOLDSBORO, N.C.

<u>Station</u>	<u>Annual Saving in Maintenance</u>	<u>Annual Rental for lease of Property</u>	<u>Sale of Property</u>	<u>Annual Savings on Heating and Utilities</u>
Gibsonville	\$ 95	\$ -	-	\$ 5
Hick College	120	-	-	10
Burlington	725	2,250	-	500
Graham	-	-	-	-
Law River	-	-	-	-
Wetmore	-	-	-	-
Hillsboro	51	-	-	4
*Durham	2,090	-	-	1,425
Waverlyville	-	-	-	-
*Cary	-	-	-	-
Raleigh	855	4,570	-	2,800
Garner	-	-	-	-
*Clayton	40	-	-	-
*Salma	-	-	-	-
Pine Level	-	-	-	-
Princeton	70	-	-	5
*Goldsboro	-	-	-	-
	<u>\$4,046</u>	<u>\$6,820</u>	<u>-</u>	<u>\$4,149</u>
*Jointly Owned				

NOTE: Total cost of converting passenger station to freight station - Raleigh \$38,800

SUMMARY

Annual Saving in Maintenance	\$ 4,046
Annual Rental for Lease of Property	6,820
Annual Saving on Heating & Utilities	4,149
<u>Total Benefits</u>	<u>\$15,015</u>

[fol. 817]
BEFORE THE INTERSTATE COMMERCE COMMISSION
EXHIBIT H-11

Daily Trains eastern Standard Time				Daily Trains eastern Standard Time			
AM	PM	AM	PM	AM	PM	AM	PM
9 00	3 15	12 30	6 30	9 00	3 15	12 30	6 30
9 25	3 40	1 00	7 00	9 25	3 40	1 00	7 00
9 50	4 05	1 25	7 25	9 50	4 05	1 25	7 25
10 15	4 30	1 50	7 50	10 15	4 30	1 50	7 50
10 40	4 55	2 15	8 15	10 40	4 55	2 15	8 15
11 05	5 20	2 40	8 40	11 05	5 20	2 40	8 40
11 30	5 45	3 05	9 05	11 30	5 45	3 05	9 05
11 55	6 10	3 30	9 30	11 55	6 10	3 30	9 30
12 20	6 35	3 55	9 55	12 20	6 35	3 55	9 55
12 45	7 00	4 20	10 20	12 45	7 00	4 20	10 20
1 10	7 25	4 45	10 45	1 10	7 25	4 45	10 45
1 35	7 50	5 10	11 10	1 35	7 50	5 10	11 10
2 00	8 15	5 35	11 35	2 00	8 15	5 35	11 35
2 25	8 40	6 00	12 00	2 25	8 40	6 00	12 00
2 50	9 05	6 25	12 25	2 50	9 05	6 25	12 25
3 15	9 30	6 50	12 50	3 15	9 30	6 50	12 50
3 40	9 55	7 15	1 00	3 40	9 55	7 15	1 00
4 05	10 20	7 40	1 25	4 05	10 20	7 40	1 25
4 30	10 45	8 05	1 50	4 30	10 45	8 05	1 50
4 55	11 10	8 30	2 15	4 55	11 10	8 30	2 15
5 20	11 35	8 55	2 40	5 20	11 35	8 55	2 40
5 45	12 00	9 20	3 05	5 45	12 00	9 20	3 05
6 10	12 25	9 45	3 30	6 10	12 25	9 45	3 30
6 35	12 50	10 10	3 55	6 35	12 50	10 10	3 55
7 00	1 05	10 35	4 20	7 00	1 05	10 35	4 20
7 25	1 30	11 00	4 45	7 25	1 30	11 00	4 45
7 50	1 55	11 25	5 10	7 50	1 55	11 25	5 10
8 15	2 20	11 50	5 35	8 15	2 20	11 50	5 35
8 40	2 45	12 15	6 00	8 40	2 45	12 15	6 00
9 05	3 10	12 40	6 25	9 05	3 10	12 40	6 25
9 30	3 35	1 05	6 50	9 30	3 35	1 05	6 50
9 55	4 00	1 30	7 15	9 55	4 00	1 30	7 15
10 20	4 25	1 55	7 40	10 20	4 25	1 55	7 40
10 45	4 50	2 20	8 05	10 45	4 50	2 20	8 05
11 10	5 15	2 45	8 30	11 10	5 15	2 45	8 30
11 35	5 40	3 10	8 55	11 35	5 40	3 10	8 55
12 00	6 05	3 35	9 20	12 00	6 05	3 35	9 20
12 25	6 30	4 00	9 45	12 25	6 30	4 00	9 45
12 50	6 55	4 25	10 10	12 50	6 55	4 25	10 10
1 05	7 20	4 50	10 35	1 05	7 20	4 50	10 35
1 30	7 45	5 15	11 00	1 30	7 45	5 15	11 00
1 55	8 10	5 40	11 25	1 55	8 10	5 40	11 25
2 20	8 35	6 05	11 50	2 20	8 35	6 05	11 50
2 45	9 00	6 30	12 15	2 45	9 00	6 30	12 15
3 10	9 25	6 55	12 40	3 10	9 25	6 55	12 40
3 35	9 50	7 20	1 05	3 35	9 50	7 20	1 05
4 00	10 15	7 45	1 30	4 00	10 15	7 45	1 30
4 25	10 40	8 10	1 55	4 25	10 40	8 10	1 55
4 50	11 05	8 35	2 20	4 50	11 05	8 35	2 20
5 15	11 30	9 00	2 45	5 15	11 30	9 00	2 45
5 40	11 55	9 25	3 10	5 40	11 55	9 25	3 10
6 05	12 20	9 50	3 35	6 05	12 20	9 50	3 35
6 30	12 45	10 15	4 00	6 30	12 45	10 15	4 00
6 55	1 00	10 40	4 25	6 55	1 00	10 40	4 25
7 20	1 25	11 05	4 50	7 20	1 25	11 05	4 50
7 45	1 50	11 30	5 15	7 45	1 50	11 30	5 15
8 10	2 15	11 55	5 40	8 10	2 15	11 55	5 40
8 35	2 40	12 20	6 05	8 35	2 40	12 20	6 05
9 00	3 05	12 45	6 30	9 00	3 05	12 45	6 30
9 25	3 30	1 00	6 55	9 25	3 30	1 00	6 55
9 50	3 55	1 25	7 20	9 50	3 55	1 25	7 20
10 15	4 20	1 50	7 45	10 15	4 20	1 50	7 45
10 40	4 45	2 15	8 10	10 40	4 45	2 15	8 10
11 05	5 10	2 40	8 35	11 05	5 10	2 40	8 35
11 30	5 35	3 05	9 00	11 30	5 35	3 05	9 00
11 55	6 00	3 30	9 25	11 55	6 00	3 30	9 25
12 20	6 25	3 55	9 50	12 20	6 25	3 55	9 50
12 45	6 50	4 20	10 15	12 45	6 50	4 20	10 15
1 10	7 15	4 45	10 40	1 10	7 15	4 45	10 40
1 35	7 40	5 10	11 05	1 35	7 40	5 10	11 05
2 00	8 05	5 35	11 30	2 00	8 05	5 35	11 30
2 25	8 30	6 00	11 55	2 25	8 30	6 00	11 55
2 50	8 55	6 25	12 20	2 50	8 55	6 25	12 20
3 15	9 20	6 50	12 45	3 15	9 20	6 50	12 45
3 40	9 45	7 15	1 00	3 40	9 45	7 15	1 00
4 05	10 10	7 40	1 25	4 05	10 10	7 40	1 25
4 30	10 35	8 05	1 50	4 30	10 35	8 05	1 50
4 55	11 00	8 30	2 15	4 55	11 00	8 30	2 15
5 20	11 25	8 55	2 40	5 20	11 25	8 55	2 40
5 45	11 50	9 20	3 05	5 45	11 50	9 20	3 05
6 10	12 15	9 45	3 30	6 10	12 15	9 45	3 30
6 35	12 40	10 10	3 55	6 35	12 40	10 10	3 55
7 00	1 05	10 35	4 20	7 00	1 05	10 35	4 20
7 25	1 30	11 00	4 45	7 25	1 30	11 00	4 45
7 50	1 55	11 25	5 10	7 50	1 55	11 25	5 10
8 15	2 20	11 50	5 35	8 15	2 20	11 50	5 35
8 40	2 45	12 15	6 00	8 40	2 45	12 15	6 00
9 05	3 10	12 40	6 25	9 05	3 10	12 40	6 25
9 30	3 35	1 05	6 50	9 30	3 35	1 05	6 50
9 55	4 00	1 30	7 15	9 55	4 00	1 30	7 15
10 20	4 25	1 55	7 40	10 20	4 25	1 55	7 40
10 45	4 50	2 20	8 05	10 45	4 50	2 20	8 05
11 10	5 15	2 45	8 30	11 10	5 15	2 45	8 30
11 35	5 40	3 10	8 55	11 35	5 40	3 10	8 55
12 00	6 05	3 35	9 20	12 00	6 05	3 35	9 20
12 25	6 30	4 00	9 45	12 25	6 30	4 00	9 45
12 50	6 55	4 25	10 10	12 50	6 55	4 25	10 10
1 05	7 20	4 50	10 35	1 05	7 20	4 50	10 35
1 30	7 45	5 15	11 00	1 30	7 45	5 15	11 00
1 55	8 10	5 40	11 25	1 55	8 10	5 40	11 25
2 20	8 35	6 05	11 50	2 20	8 35	6 05	11 50
2 45	9 00	6 30	12 15	2 45	9 00	6 30	12 15
3 10	9 25	6 55	12 40	3 10	9 25	6 55	12 40
3 35	9 50	7 20	1 00	3 35	9 50	7 20	1 00
4 00	10 15	7 45	1 25	4 00	10 15	7 45	1 25
4 25	10 40	8 10	1 50	4 25	10 40	8 10	1 50
4 50	11 05	8 35	2 15	4 50	11 05	8 35	2 15
5 15	11 30	9 00	2 40	5 15	11 30	9 00	2 40
5 40	11 55	9 25	3 05	5 40	11 55	9 25	3 05
6 05	12 20	9 50	3 30	6 05	12 20	9 50	3 30
6 30	12 45	10 15	3 55	6 30	12 45	10 15	3 55
6 55	1 00	10 40	4 20	6 55	1 00	10 40	4 20
7 20	1 25	11 05	4 45	7 20	1 25	11 05	4 45
7 45	1 50	11 30	5 10	7 45	1 50	11 30	5 10
8 10	2 15	11 55	5 35	8 10	2 15	11 55	5 35
8 35	2 40	12 20	6 00	8 35	2 40	12 20	6 00
9 00	3 05	12 45	6 25	9 00	3 05	12 45	6 25
9 25	3 30	1 00	6 50	9 25	3 30	1 00	6 50
9 50	3 55	1 25	7 15	9 50	3 55	1 25	7 15
10 15	4 20	1 50	7 40	10 15	4 20	1 50	7 40
10 40	4 45	2 15	8 05	10 40	4 45	2 15	8 05
11 05	5 10	2 40	8 30	11 05	5 10	2 40	8 30
11 30	5 35	3 05	8 55	11 30	5 35	3 05	8 55
11 55	6 00	3 30	9 20	11 55	6 00	3 30	9 20
12 20	6 25	3 55	9 45	12 20	6 25	3 55	9 45
12 45	6 50	4 20	10 10	12 45	6 50	4 20	10 10
1 10	7 15	4 45	10 35	1 10	7 15	4 45	10 35
1 35	7 40	5 10	11 00	1 35	7 40	5 10	11 00
2 00	8 05	5 35	11 25	2 00	8 05	5 35	11 25
2 25	8 30	6 00	11 50	2 25	8 30	6 00	11 50
2 50	8 55	6 25	12 15	2 50	8 55	6 25	12 15
3 15	9 20	6 50	12 40	3 15	9 20	6 50	12 40
3 40	9 45	7 15	1 00	3 40	9 45	7 15	1 00
4 05	10 10	7 40	1 25	4 05	10 10	7 40	1 25
4 30	10 35	8 05	1 50	4 30	10 35	8 05	1 50
4 55	11 00	8 30	2 15	4 55	11 00	8 30	2 15
5 20	11 25	8 55	2 40	5 20	11 25	8 55	2 40
5 45	11 50	9 20	3 05	5 45	11 50	9 20	3 05
6 10	12 15	9 45	3 30	6 10	12 15	9 45	3 30
6 35	12 40	10 10	3 55	6 35	12 40	10 10	3 55
7 00	1 05	10 35	4 20	7 00	1 05	10 35	4 20
7 25	1 30	11 00	4 45	7 25	1 30	11 00	4 45
7 50	1 55	11 25	5 10	7 50	1 55	11 25	5 10
8 15	2 20	11 50	5 35	8 15	2 20	11 50	5 35
8 40	2 45	12 15	6 00	8 40	2 45	12 15	6 00
9 05	3 10	12 40	6 25	9 05	3 10	12 40	6 25
9 30	3 35	1 05	6 50	9 30	3 35	1 05	6 50
9 55	4 00	1 30	7 15	9 55	4 00	1 30	7 15
10 20	4 25	1 55	7 40	10 20	4 25	1 55	7 40
10 45	4 50	2 20	8 05	10 45	4 50	2 20	8 05
11 10	5 15	2 45	8 30	11 10	5 15	2 45	8 30
11 35	5 40	3 10	8 55	11 35	5 40	3 10	8 55
12 00	6 05						

TIMETABLE OF OTHER SOUTHERN RAILWAY CO.
PASSENGER TRAINS SERVING GREENSBORO, N.C.

Page 18

WASHINGTON-CHARLOTTE-ATLANTA AND ATLANTA-BIRMINGHAM (Washington, D.C., Charlotte, Atlanta and Birmingham Division)

18

Train No.	Day	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	Time	Station	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[fol. 818]

BEFORE THE INTERSTATE COMMERCE COMMISSION

EXHIBIT H-12

615

I.O.C. Docket No. 23563
Witness: George V. Bayless
Exhibit No. 8 (revised)
Sheet 1 of 2

BUY ROUND TRIP TICKETS

Ask our ticket agents about the added convenience and saving that can be obtained through the purchase of round trip railroad tickets.

Our agents are always glad to arrange for your return reservation before departure from your home city, so plans do not lapse and all upon them for the return.

SOUTHERN RAILWAY SYSTEM

10. THROUGH, THROUGH-PAID AND AIRPORT

Through Rates and Airports

From	To	Through	Through-Paid	Airport
Atlanta	Birmingham	1.00	1.00	1.00
Birmingham	Mobile	1.00	1.00	1.00
Mobile	Savannah	1.00	1.00	1.00
Savannah	St. Augustine	1.00	1.00	1.00
St. Augustine	Daytona Beach	1.00	1.00	1.00
Daytona Beach	Orlando	1.00	1.00	1.00
Orlando	Fort Lauderdale	1.00	1.00	1.00
Fort Lauderdale	Miami	1.00	1.00	1.00
Miami	Key West	1.00	1.00	1.00
Key West	Fort Myers	1.00	1.00	1.00
Fort Myers	Sanibel Island	1.00	1.00	1.00
Sanibel Island	Fort Pierce	1.00	1.00	1.00
Fort Pierce	St. Petersburg	1.00	1.00	1.00
St. Petersburg	Clearwater	1.00	1.00	1.00
Clearwater	Dunedin	1.00	1.00	1.00
Dunedin	Titusville	1.00	1.00	1.00
Titusville	Orlando	1.00	1.00	1.00
Orlando	Daytona Beach	1.00	1.00	1.00
Daytona Beach	St. Augustine	1.00	1.00	1.00
St. Augustine	Savannah	1.00	1.00	1.00
Savannah	Mobile	1.00	1.00	1.00
Mobile	Birmingham	1.00	1.00	1.00
Birmingham	Atlanta	1.00	1.00	1.00

11. THROUGH, THROUGH-PAID AND AIRPORT

Through Rates and Airports

From	To	Through	Through-Paid	Airport
Atlanta	Birmingham	1.00	1.00	1.00
Birmingham	Mobile	1.00	1.00	1.00
Mobile	Savannah	1.00	1.00	1.00
Savannah	St. Augustine	1.00	1.00	1.00
St. Augustine	Daytona Beach	1.00	1.00	1.00
Daytona Beach	Orlando	1.00	1.00	1.00
Orlando	Fort Lauderdale	1.00	1.00	1.00
Fort Lauderdale	Miami	1.00	1.00	1.00
Miami	Key West	1.00	1.00	1.00
Key West	Fort Myers	1.00	1.00	1.00
Fort Myers	Sanibel Island	1.00	1.00	1.00
Sanibel Island	Fort Pierce	1.00	1.00	1.00
Fort Pierce	St. Petersburg	1.00	1.00	1.00
St. Petersburg	Clearwater	1.00	1.00	1.00
Clearwater	Dunedin	1.00	1.00	1.00
Dunedin	Titusville	1.00	1.00	1.00
Titusville	Orlando	1.00	1.00	1.00
Orlando	Daytona Beach	1.00	1.00	1.00
Daytona Beach	St. Augustine	1.00	1.00	1.00
St. Augustine	Savannah	1.00	1.00	1.00
Savannah	Mobile	1.00	1.00	1.00
Mobile	Birmingham	1.00	1.00	1.00
Birmingham	Atlanta	1.00	1.00	1.00

818

Source:

Southern Railway System
Passenger Train Schedules Folder,
dated April 30, 1961

BIRMINGHAM-ATLANTA
ATLANTA-CHARLOTTE-WASHINGTON

(Birmingham, Charlotte, Danville and Washington Divisions)

[illegible]

Sheet 2 of 2

dated April 30, 1961

819

I.C.C. ~~BUCKET~~ No. 21563
Witness: ~~GEORGE V. BAYLISS~~
Exhibit No. 10 (Revised)
Sheet 1 of 4

**TIMETABLE OF SEABOARD AIR LINE RAILROAD PASSENGER
TRAINS SERVING RALEIGH, N. C.**

[illegible]

[fol. 820]

[illegible]

617

Dark Face Figures P.M.

820

SEABOARD AIR LINE RAILROAD (Cont'd)

SCHEDULES BETWEEN EASTERN CITIES AND FLORIDA THROUGH VIRGINIA, THE CAROLINAS AND GEORGIA

(Continued)

Read Down				Miles from Richmond	TABLE 2		Read Up			
9	57	7	21		Daily Trains	Eastern Standard Time	10	58	22	8
9 05	2 15	13 25	3 35	259.5	to Hamlet	N. C.	10 55	10 55	2 50	8 00
9 23				265.4	to Ochsboro	S. C.	11 25			
9 37		6 12 45		274.3	to Wallace					
9 55				275.5	to Chowan		11 52			4 30
10 10				280.9	to Kinston					
10 23				285.1	to Patrick					3 45
10 31				288.0	to Nottoway					3 30
10 40				291.0	to Bathurst					
10 46		1 36		294.7	to Caswell					3 08
11 03				298.6	to Shepard					
11 16				303.6	to Camden					
11 30				308.6	to Logansville					
11 46				314.4	to Sherry					
11 50	4 10	2 30		319.4	to Paulsboro				12 50	2 30
12 18		2 50		324.4	to COLUMBIA				12 45	2 08
				329.4	to COLUMBIA					
				334.4	to Cayes					
				339.4	to Ochsboro					
				344.4	to Ochsboro					
				349.4	to Ochsboro					
				354.4	to Ochsboro					
				359.4	to Ochsboro					
				364.4	to Ochsboro					
				369.4	to Ochsboro					
				374.4	to Ochsboro					
				379.4	to Ochsboro					
				384.4	to Ochsboro					
				389.4	to Ochsboro					
				394.4	to Ochsboro					
				399.4	to Ochsboro					
				404.4	to Ochsboro					
				409.4	to Ochsboro					
				414.4	to Ochsboro					
				419.4	to Ochsboro					
				424.4	to Ochsboro					
				429.4	to Ochsboro					
				434.4	to Ochsboro					
				439.4	to Ochsboro					
				444.4	to Ochsboro					
				449.4	to Ochsboro					
				454.4	to Ochsboro					
				459.4	to Ochsboro					
				464.4	to Ochsboro					
				469.4	to Ochsboro					
				474.4	to Ochsboro					
				479.4	to Ochsboro					
				484.4	to Ochsboro					
				489.4	to Ochsboro					
				494.4	to Ochsboro					
				499.4	to Ochsboro					
				504.4	to Ochsboro					
				509.4	to Ochsboro					
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				539.4	to Ochsboro					
				544.4	to Ochsboro					
				549.4	to Ochsboro					
				554.4	to Ochsboro					
				559.4	to Ochsboro					
				564.4	to Ochsboro					
				569.4	to Ochsboro					
				574.4	to Ochsboro					
				579.4	to Ochsboro					
				584.4	to Ochsboro					
				589.4	to Ochsboro					
				594.4	to Ochsboro					
				599.4	to Ochsboro					
				604.4	to Ochsboro					
				609.4	to Ochsboro					
				614.4	to Ochsboro					
				619.4	to Ochsboro					
				624.4	to Ochsboro					
				629.4	to Ochsboro					
				634.4	to Ochsboro					
				639.4	to Ochsboro					
				644.4	to Ochsboro					
				649.4	to Ochsboro					
				654.4	to Ochsboro					
				659.4	to Ochsboro					
				664.4	to Ochsboro					
				669.4	to Ochsboro					
				674.4	to Ochsboro					
				679.4	to Ochsboro					
				684.4	to Ochsboro					
				689.4	to Ochsboro					
				694.4	to Ochsboro					
				699.4	to Ochsboro					
				704.4	to Ochsboro					
				709.4	to Ochsboro					
				714.4	to Ochsboro					
				719.4	to Ochsboro					
				724.4	to Ochsboro					
				729.4	to Ochsboro					
				734.4	to Ochsboro					
				739.4	to Ochsboro					
				744.4	to Ochsboro					
				749.4	to Ochsboro					
				754.4	to Ochsboro					
				759.4	to Ochsboro					
				764.4	to Ochsboro					
				769.4	to Ochsboro					
				774.4	to Ochsboro					
				779.4	to Ochsboro					
				784.4	to Ochsboro					
				789.4	to Ochsboro					
				794.4	to Ochsboro					
				799.4	to Ochsboro					
				804.4	to Ochsboro					
				809.4	to Ochsboro					
				814.4	to Ochsboro					
				819.4	to Ochsboro					
				824.4	to Ochsboro					
				829.4	to Ochsboro					
				834.4	to Ochsboro					
				839.4	to Ochsboro					
				844.4	to Ochsboro					
				849.4	to Ochsboro					
				854.4	to Ochsboro					
				859.4	to Ochsboro					
				864.4	to Ochsboro					
				869.4	to Ochsboro					
				874.4	to Ochsboro					
				879.4	to Ochsboro					
				884.4	to Ochsboro					
				889.4	to Ochsboro					
				894.4	to Ochsboro					
				899.4	to Ochsboro					
				904.4	to Ochsboro					
				909.4	to Ochsboro					
				914.4	to Ochsboro					
				919.4	to Ochsboro					
				924.4	to Ochsboro					
				929.4	to Ochsboro					
				934.4	to Ochsboro					
				939.4	to Ochsboro					
				944.4	to Ochsboro					
				949.4	to Ochsboro					
				954.4	to Ochsboro					
				959.4	to Ochsboro					
				964.4	to Ochsboro					
				969.4	to Ochsboro					
				974.4	to Ochsboro					
				979.4	to Ochsboro					
				984.4	to Ochsboro					
				989.4	to Ochsboro					
				994.4	to Ochsboro					
				999.4	to Ochsboro					
				1004.4	to Ochsboro					
				1009.4	to Ochsboro					
				1014.4	to Ochsboro					
				1019.4	to Ochsboro					
				1024.4	to Ochsboro					
				1029.4	to Ochsboro					
				1034.4	to Ochsboro					
				1039.4	to Ochsboro					
				1044.4	to Ochsboro					
				1049.4	to Ochsboro					
				1054.4	to Ochsboro					
				1059.4	to Ochsboro					
				1064.4	to Ochsboro					
				1069.4	to Ochsboro					
				1074.4	to Ochsboro					
				1079.4	to Ochsboro					
				1084.4	to Ochsboro					
				1089.4	to Ochsboro					
				1094.4	to Ochsboro					
				1099.4	to Ochsboro					
				1104.4	to Ochsboro					
				1109.4	to Ochsboro					
				1114.4	to Ochsboro					
				1119.4	to Ochsboro					
				1124.4	to Ochsboro					

SEABOARD AIR LINE RAILROAD (Cont'd)

SCHEDULES BETWEEN EASTERN CITIES AND FLORIDA THROUGH VIRGINIA, THE CAROLINAS AND GEORGIA									
(Continued)									
TABLE 3									
Daily Trains Eastern Standard Time									
Fast Down					Fast Up				
Day	Mon	Tue	Wed	Thurs	Day	Mon	Tue	Wed	Thurs
1	2	3	4	5	6	7	8	9	10
11	12	13	14	15	16	17	18	19	20
21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40
41	42	43	44	45	46	47	48	49	50
51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70
71	72	73	74	75	76	77	78	79	80
81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100
101	102	103	104	105	106	107	108	109	110
111	112	113	114	115	116	117	118	119	120
121	122	123	124	125	126	127	128	129	130
131	132	133	134	135	136	137	138	139	140
141	142	143	144	145	146	147	148	149	150
151	152	153	154	155	156	157	158	159	160
161	162	163	164	165	166	167	168	169	170
171	172	173	174	175	176	177	178	179	180
181	182	183	184	185	186	187	188	189	190
191	192	193	194	195	196	197	198	199	200
201	202	203	204	205	206	207	208	209	210
211	212	213	214	215	216	217	218	219	220
221	222	223	224	225	226	227	228	229	230
231	232	233	234	235	236	237	238	239	240
241	242	243	244	245	246	247	248	249	250
251	252	253	254	255	256	257	258	259	260
261	262	263	264	265	266	267	268	269	270
271	272	273	274	275	276	277	278	279	280
281	282	283	284	285	286	287	288	289	290
291	292	293	294	295	296	297	298	299	300
301	302	303	304	305	306	307	308	309	310
311	312	313	314	315	316	317	318	319	320
321	322	323	324	325	326	327	328	329	330
331	332	333	334	335	336	337	338	339	340
341	342	343	344	345	346	347	348	349	350
351	352	353	354	355	356	357	358	359	360
361	362	363	364	365	366	367	368	369	370
371	372	373	374	375	376	377	378	379	380
381	382	383	384	385	386	387	388	389	390
391	392	393	394	395	396	397	398	399	400
401	402	403	404	405	406	407	408	409	410
411	412	413	414	415	416	417	418	419	420
421	422	423	424	425	426	427	428	429	430
431	432	433	434	435	436	437	438	439	440
441	442	443	444	445	446	447	448	449	450
451	452	453	454	455	456	457	458	459	460
461	462	463	464	465	466	467	468	469	470
471	472	473	474	475	476	477	478	479	480
481	482	483	484	485	486	487	488	489	490
491	492	493	494	495	496	497	498	499	500
501	502	503	504	505	506	507	508	509	510
511	512	513	514	515	516	517	518	519	520
521	522	523	524	525	526	527	528	529	530
531	532	533	534	535	536	537	538	539	540
541	542	543	544	545	546	547	548	549	550
551	552	553	554	555	556	557	558	559	560
561	562	563	564	565	566	567	568	569	570
571	572	573	574	575	576	577	578	579	580
581	582	583	584	585	586	587	588	589	590
591	592	593	594	595	596	597	598	599	600
601	602	603	604	605	606	607	608	609	610
611	612	613	614	615	616	617	618	619	620
621	622	623	624	625	626	627	628	629	630
631	632	633	634	635	636	637	638	639	640
641	642	643	644	645	646	647	648	649	650
651	652	653	654	655	656	657	658	659	660
661	662	663	664	665	666	667	668	669	670
671	672	673	674	675	676	677	678	679	680
681	682	683	684	685	686	687	688	689	690
691	692	693	694	695	696	697	698	699	700
701	702	703	704	705	706	707	708	709	710
711	712	713	714	715	716	717	718	719	720
721	722	723	724	725	726	727	728	729	730
731	732	733	734	735	736	737	738	739	740
741	742	743	744	745	746	747	748	749	750
751	752	753	754	755	756	757	758	759	760
761	762	763	764	765	766	767	768	769	770
771	772	773	774	775	776	777	778	779	780
781	782	783	784	785	786	787	788	789	790
791	792	793	794	795	796	797	798	799	800
801	802	803	804	805	806	807	808	809	810
811	812	813	814	815	816	817	818	819	820
821	822	823	824	825	826	827	828	829	830
831	832	833	834	835	836	837	838	839	840
841	842	843	844	845	846	847	848	849	850
851	852	853	854	855	856	857	858	859	860
861	862	863	864	865	866	867	868	869	870
871	872	873	874	875	876	877	878	879	880
881	882	883	884	885	886	887	888	889	890
891	892	893	894	895	896	897	898	899	900
901	902	903	904	905	906	907	908	909	910
911	912	913	914	915	916	917	918	919	920
921	922	923	924	925	926	927	928	929	930
931	932	933	934	935	936	937	938	939	940
941	942	943	944	945	946	947	948	949	950
951	952	953	954	955	956	957	958	959	960
961	962	963	964	965	966	967	968	969	970
971	972	973	974	975	976	977	978	979	980
981	982	983	984	985	986	987	988	989	990
991	992	993	994	995	996	997	998	999	1000



WANT to cut your transportation costs?
WANT a more dependable, more flexible way to move your traffic?

Whether you own trailers or not—Seaboard's Piggy-Back Service can be the answer for you. To help you the Seaboard has an experienced staff that is waiting to assist with your rate, schedule, or equipment problem.

Won't you give us the opportunity to save you money? To show you how our service meets your need—a representative can drop by your place in a matter of moments; just call our local freight traffic man or write or phone—

Robert L. Mott
Manager TOFC Traffic
2000 West Broad Street
Richmond, Virginia
EL: 3-8911



Source:

Seaboard Air Line Railroad Timetable Folder, effective April 30, 1961

[fol. 822]

SEABOARD AIR LINE RAILROAD (Cont'd)

SCHEDULES BETWEEN EASTERN CITIES AND FLORIDA THROUGH VIRGINIA, THE CAROLINAS AND GEORGIA
(Continued)

Read Down				Miles from Richmond	TABLE 4		Read Up				Miles from Richmond	CHARACTERS—TABLES 3-4-5-6
9-1	57-157	7	21		Daily Trains	Eastern Standard Time	2-10	100-58	22	8		
THE PALM BEACH					JACKSONVILLE FLA.		THE PALM BEACH					<ul style="list-style-type: none"> a Stops to receive and discharge passengers to and from Petersburg and beyond, for and from points at which these trains are regularly scheduled to stop, for and from Winter Haven and Hollywood. b Stops to receive and discharge passengers for and from Jacksonville and beyond. c Stops to receive and discharge passengers for and from Jacksonville and beyond, also for and from Waldo and Ocala. d Stops to receive and discharge passengers for and from Jacksonville and beyond, and points between St. Petersburg and West Lake Wales. e Stops to receive and discharge passengers for and from West Palm Beach and Miami, also points covered by "d", next above. f Stops to discharge passengers on notice to Conductor, to receive passengers on signal or on notice to ticket agent. g Stops to receive and discharge passengers for and from Waldo and Ocala, also points covered by "d", above. h Stops to receive and discharge passengers for and from Petersburg and beyond. i Stops to discharge passengers from West Savannah and beyond. j Stops to receive and discharge passengers for and from Petersburg and beyond, points served by the "Gulf Wind" and points between St. Petersburg and West Lake Wales. k Stops to receive passengers for Jacksonville and beyond, for points between West Lake Wales and St. Petersburg, also for Winter Haven, Ocala and Waldo. l Stops to receive passengers for and from Jacksonville and beyond. m Stops to receive and discharge passengers for and from points north of Plant City. n Stops to receive passengers for points south of Wildwood where train stops. o Stops to discharge passengers from north of Jacksonville, and arriving on connecting lines. p Stops to receive passengers for Tampa and beyond. q Stops to discharge passengers from Wildwood and beyond. r Stops to discharge passengers from Tampa and points south, and from points on Miami-Wildwood line. s Stops to receive and discharge passengers for or from Tallahassee and beyond. t Stops to discharge passengers from West Savannah and beyond, and to receive for West Palm Beach and Miami. u Stops to discharge passengers from Jacksonville and beyond and from points between Tampa and Wildwood. v Stops to receive and discharge passengers for and from West Palm Beach and Miami; also for and from Jacksonville and beyond. w Stops to receive and discharge passengers to and from points served by "Gulf Wind" and between St. Petersburg-West Lake Wales. x Time is for Seaboard Station, Tampa.
9-1	57-157	7	21	644.3	1	JACKSONVILLE FLA.	6 30	4 00	7 00	1	644.3	
				642.6	2	to Baldwin				2	642.6	
				641.6	3	to Lawley	5 10			3	641.6	
				639.5	4	to Starke				4	639.5	
				634.7	5	to Hampton	4 55	2 00	6 40	5	634.7	
				700.1	6	to Waldo (Gainesville)				6	700.1	
				705.4	7	to Orange Heights				7	705.4	
				714.4	8	to Mandeville				8	714.4	
				727.0	9	to Ocala				9	727.0	
				732.5	10	to Seav				10	732.5	
				736.8	11	to Anthony				11	736.8	
				745.4	12	to Ocala (Silver Springs)	4 05	2 10	6 02	12	745.4	
				753.2	13	to Santa				13	753.2	
				757.1	14	to Baldwin				14	757.1	
				761.1	15	to Sumnerfield				15	761.1	
				766.9	16	to Oxford				16	766.9	
				771.5	17	to Wildwood Homestead Springs				17	771.5	
				776.1	18	to Colman	12 13	51	12 33	18	776.1	
				786.1	19	to Bushnell	12 13	51	12 33	19	786.1	
				802.4	20	to Leesville	12 13	51	12 33	20	802.4	
				808.1	21	to Ocala City	12 13	51	12 33	21	808.1	
				817.6	22	to Zephyrhills	11 55			22	817.6	
				825.0	23	to Kissimmee				23	825.0	
				832.0	24	to Plant City				24	832.0	
				837.9	25	to Turkey Creek				25	837.9	
				839.5	26	to Sydney				26	839.5	
				842.5	27	to Valrico				27	842.5	
				844.8	28	to Brandon				28	844.8	
				845.8	29	to Limona				29	845.8	
				855.0	30	to TAMPA	11 30			30	855.0	
THE PALM BEACH					HILLSBORO RIVER		THE PALM BEACH					
				861.5	31	to Suburban Springs				31	861.5	
				875.2	32	to Odessa				32	875.2	
				880.7	33	to Safety Harbor				33	880.7	
				887.7	34	to Clearwater (Baldwin-Biltmore Hotel)				34	887.7	
				889.0	35	to Dunedin				35	889.0	
				891.0	36	to Largo				36	891.0	
				897.4	37	to Bay Pines (Madison St., Redington St.)				37	897.4	
				908.5	38	to ST. PETERSBURG	9 45			38	908.5	
THE PALM BEACH					HILLSBORO RIVER		THE PALM BEACH					
				910.46	39	to Suburban Springs				39	910.46	
				910.30	40	to Odessa				40	910.30	
				910.25	41	to Safety Harbor				41	910.25	
				912.12	42	to Clearwater (Baldwin-Biltmore Hotel)				42	912.12	
				910.08	43	to Dunedin				43	910.08	
				910.06	44	to Largo				44	910.06	
				9 58	45	to Bay Pines (Madison St., Redington St.)				45	9 58	
				9 45	46	to ST. PETERSBURG				46	9 45	

SEABOARD AIR LINE RAILROAD (Cont'd)

SCHEDULES BETWEEN EASTERN CITIES AND FLORIDA THROUGH VIRGINIA, THE CAROLINAS AND GEORGIA

(Continued)

Read Down				Miles from Richmond	TABLE 4		Read Up				CHARACTERS—TABLES 3-4-5-6
6-1	67-167	7	21		Daily Trains	Eastern Standard Time	2-10	100-38	22	8	
SAL tickets issued between St. Petersburg and Tampa via Seaboard's Greyhound Lines.	AM 9 20	AM 9 30	AM 10 10	644.3	to JACKSONVILLE	FLA.	AM 6 30	PM 4 00	PM 7 00	PM 7 00	a Stops to receive and discharge passengers for and from Petersburg and beyond, for and from points at which these trains are regularly scheduled to stop, for and from Winter Haven and Hollywood.
	AM 9 30	AM 10 10	AM 10 20	642.6	to Baldwin						b Stops to receive and discharge passengers for and from Jacksonville and beyond.
	AM 9 40	AM 10 20	AM 10 30	641.6	to Lawley						c Stops to receive and discharge passengers for and from Jacksonville and beyond, also for and from Waldo and Ocala.
	AM 9 50	AM 10 30	AM 10 40	639.9	to Starke		5 10				d Stops to receive and discharge passengers for and from Jacksonville and beyond, and points between St. Petersburg and West Lake Wales.
	AM 10 00	AM 10 40	AM 10 50	638.7	to Hampton		4 55	4 30	4 02		e Stops to receive and discharge passengers for and from West Palm Beach and Miami, also points covered by "d", next above.
	AM 10 10	AM 10 50	AM 11 00	708.1	to Waldo (Ocala-ville)						f Stops to discharge passengers on notice to Conductor; to receive passengers on signal or on notice to ticket agent.
	AM 10 20	AM 11 00	AM 11 10	705.4	to Orange Heights						g Stops to receive and discharge passengers for and from Waldo and Ocala, also points covered by "d", above.
	AM 10 30	AM 11 10	AM 11 20	702.0	to Hawthorne						h Stops to receive and discharge passengers for and from Petersburg and beyond.
	AM 10 40	AM 11 20	AM 11 30	702.0	to Ocala						i Stops to discharge passengers from West Savannah and beyond.
	AM 10 50	AM 11 30	AM 11 40	702.0	to Seville						j Stops to receive and discharge passengers for and from Petersburg and beyond, points served by the "Gulf Wind", and points between St. Petersburg and West Lake Wales.
	AM 11 00	AM 11 40	AM 11 50	702.0	to Summerfield						k Stops to receive passengers for Jacksonville and beyond, for points between West Lake Wales and St. Petersburg, also for Winter Haven, Ocala and Waldo.
	AM 11 10	AM 11 50	AM 12 00	702.0	to Ocala						l Stops to receive passengers for and from Jacksonville and beyond.
	AM 11 20	AM 12 00	AM 12 10	702.0	to Turkey Creek						m Stops to receive and discharge passengers for and from points north of Plant City.
	AM 11 30	AM 12 10	AM 12 20	702.0	to Sydney						n Stops to receive passengers for points south of Wildwood where train stops.
	AM 11 40	AM 12 20	AM 12 30	702.0	to Valrico						o Stops to discharge passengers from north of Jacksonville, and arriving on connecting lines.
	AM 11 50	AM 12 30	AM 12 40	702.0	to Brandon						p Stops to receive passengers for Tampa and beyond.
	AM 12 00	AM 12 40	AM 12 50	702.0	to Limerick						q Stops to discharge passengers from Wildwood and beyond.
	AM 12 10	AM 12 50	AM 1 00	702.0	to TAMPA						r Stops to receive and discharge passengers for or from Tallahassee and beyond.
	AM 12 20	AM 1 00	AM 1 10	702.0	to TAMPA						s Stops to discharge passengers from West Savannah and beyond, and to receive for West Palm Beach and Miami.
	AM 12 30	AM 1 10	AM 1 20	702.0	to TAMPA						t Stops to discharge passengers from Jacksonville and beyond and from points between Tampa and Wildwood.
AM 12 40	AM 1 20	AM 1 30	702.0	to TAMPA						u Stops to receive and discharge passengers for and from West Palm Beach and Miami; also for and from Jacksonville and beyond.	
AM 12 50	AM 1 30	AM 1 40	702.0	to TAMPA						v Stops to receive and discharge passengers to and from points served by "Gulf Wind" and between St. Petersburg-West Lake Wales.	
AM 1 00	AM 1 40	AM 1 50	702.0	to TAMPA						w Time is for Seaboard Station, Tampa.	

I.C.C. Docket No. 21563

Witness: GEORGE V. BAYLISS

Exhibit No. 11 (Revised)

Sheet 1 of 2

SEABOARD AIR LINE RAILROAD

SCHEDULES BETWEEN EASTERN CITIES AND ATLANTA, BIRMINGHAM AND THE SOUTHWEST
THROUGH VIRGINIA AND THE CAROLINAS

Daily Trains—Read Down				Miles	TABLE 1-1		Daily Trains—Read Up			
143	147	151	155		NYNH&H P.R.R. RF&P SAL		157	161	165	169
PM	AM	AM	PM		Eastern Standard Time		AM	PM	PM	PM
10 00	6 00	11 45	12 30	0.0	Lr BOSTON (NYNH&H)		7 25	7 15	8 15	
11 45	12 30	12 45	1 00	10.0	Lr NEW YORK (Pan-Penn. Station)		12 11	11 50	1 00	1 15
12 45	1 00	1 15	1 30	58.1	Lr Newark		1 30	1 15	1 30	1 45
1 15	1 30	1 45	2 00	85.9	Lr Trenton		2 00	1 45	2 00	2 15
2 00	2 15	2 30	2 45	91.7	Lr North Philadelphia		2 15	2 00	2 15	2 30
2 45	3 00	3 15	3 30	118.1	Lr PHILADELPHIA (29th St. Station)		3 00	2 45	3 00	3 15
3 30	3 45	4 00	4 15	186.5	Lr Wilmington		4 00	3 45	4 00	4 15
4 15	4 30	4 45	5 00	226.6	Lr Baltimore		5 00	4 45	5 00	5 15
5 00	5 15	5 30	5 45	0.0	Lr WASHINGTON		5 15	5 00	5 15	5 30
5 45	6 00	6 15	6 30	8.2	Lr WASHINGTON (RF&P)		6 00	5 45	6 00	6 15
6 30	6 45	7 00	7 15	34.7	Lr Alexandria		6 15	6 00	6 15	6 30
7 15	7 30	7 45	8 00	54.1	Lr Quantico		7 00	6 45	7 00	7 15
8 00	8 15	8 30	8 45	113.5	Lr Fredericksburg		8 15	8 00	8 15	8 30
8 45	9 00	9 15	9 30	0.0	Lr RICHMOND (Broad St. Sta.) (RF&P)		9 00	8 45	9 00	9 15
9 30	9 45	10 00	10 15	4.9	Lr RICHMOND (Broad St. Sta.) (SAL)		10 00	9 45	10 00	10 15
10 15	10 30	10 45	11 00	27.4	Lr Petersburg		10 30	10 15	10 30	10 45
11 00	11 15	11 30	11 45	53.1	Lr Roanoke River		11 15	11 00	11 15	11 30
11 45	12 00	12 15	12 30	102.9	Lr Norfolk		12 00	11 45	12 00	12 15
12 30	12 45	1 00	1 15	118.1	Lr Henderson		1 00	12 45	1 00	1 15
1 15	1 30	1 45	2 00	161.9	Lr RALEIGH		1 30	1 15	1 30	1 45
No. 17				0.0	Lr Norfolk (Tunnel Bys). Note on Page 30.		No. 18			
4 15				0.0	Lr Portsmouth		9 40			
5 00				7.5	Lr Elizabeth River		10 15			
5 45				17.4	Lr Bowers		10 45			
6 30				25.9	Lr Suffolk		11 15			
7 15				31.2	Lr Purvis		11 45			
8 00				35.7	Lr Carverville		12 15			
8 45				35.9	Lr Blackwater River		12 45			
9 30				41.8	Lr Franklin		1 00			
10 15				43.4	Lr Nottaway River		1 30			
11 00				48.8	Lr Hand		2 00			
11 45				53.8	Lr Newsums		2 30			
12 30				55.9	Lr Boykins		3 00			
1 15				62.9	Lr Margaret		3 30			
2 00				68.9	Lr Seaboard		4 00			
2 45				72.4	Lr Gunberry		4 30			
3 30				75.0	Lr Garysburg		5 00			
4 15				78.1	Lr Roanoke River		5 30			
5 00				78.6	Lr Weldon		6 00			
5 45				83.0	Lr Roanoke Rapids		6 30			
6 30				92.7	Lr Summit		7 00			
7 15				98.5	Lr Littleton		7 30			
8 00				104.2	Lr Vaughan		8 00			
8 45				109.3	Lr Macon		8 30			
9 30				113.5	Lr Warren Plains		9 00			
10 15				115.8	Lr Norfolk		9 30			
11 00				131.0	Lr Henderson		10 00			
11 45				174.8	Lr RALEIGH		10 30			
12 30				181.3	Lr RALEIGH		11 00			
1 15				204.0	Lr Sanford		11 30			
2 00				229.9	Lr Southern Pine (Pinhurst)		12 00			
2 45				233.7	Lr Aberdeen		12 30			
3 30				254.5	Lr Hamlet		1 00			
4 15				259.5	Lr Hamlet		1 30			
5 00				264.7	Lr Rockingham		2 00			
5 45				269.9	Lr Steele's Mill		2 30			
6 30				278.3	Lr Pas Den River		3 00			
7 15				283.2	Lr Lenoirville		3 30			
8 00				291.3	Lr Wadesboro		4 00			
8 45				295.2	Lr Polkton		4 30			
9 30				300.9	Lr Peachland		5 00			
10 15				305.6	Lr Marshville		5 30			
11 00				311.1	Lr Wingate		6 00			
11 45				311.1	Lr Morris		6 30			
12 30				318.9	Lr Morris		7 00			
1 15				322.4	Lr Mineral Springs		7 30			
2 00					Lr Wash		8 00			

[fol. 824]

THROUGH VIRGINIA AND THE CAROLINAS

Daily Trains—Read Down				Miles	TABLE 11		Daily Trains—Read Up			
123	124	125	126		NYNH&P PRR RF&P SAL		127	128	129	130
					Eastern Standard Time					
					Lv BOSTON (NYNH&P)					
					Lv NEW YORK (PRR—Penn. Station)					
					Lv Newark					
					Lv Trenton					
					Lv North Philadelphia					
					Lv PHILADELPHIA (30th St. Station)					
					Lv Wilmington					
					Lv Baltimore					
					Lv WASHINGTON					
					Lv WASHINGTON (arap)					
					Lv Alexandria VA					
					Lv Quantico					
					Lv Fredericksburg					
					Lv RICHMOND (Broad St. Sta.) (arap)					
					Lv RICHMOND (Broad St. Sta.) (sal)					
					Lv Petersburg James River VA					
					Lv Norfolk Roanoke River					
					Lv Norfolk					
					Lv Henderson					
					Lv RALEIGH					
					Lv Norfolk (Tunnel Bus) Note on Page 30					
					Elizabeth River					
					Lv Portsmouth					
					Lv Suffolk					
					Lv Purvis					
					Lv Carrollton					
					Blackwater River					
					Lv Franklin					
					Nottoway River					
					Lv Hand					
					Lv Newsoms					
					Lv Boykins VA					
					Mecklenburg River					
					Lv Margaret N. C.					
					Lv Seaboard					
					Lv Gumberry					
					Lv Garysburg					
					Roanoke River					
					Lv Weldon					
					Lv Roanoke Rapids					
					Lv Summit					
					Lv Littleton					
					Lv Vaughan					
					Lv Mason					
					Lv Warren Plains					
					Lv Martins					
					Lv Henderson					
					Lv RALEIGH					
					Lv Sanford					
					Lv Southern Pines (Pinehurst)					
					Lv Aberdeen					
					Lv Hamlet					
					Lv Hamlet					
					Lv Rockingham					
					Lv Seale's Mill					
					Pee Dee River					
					Lv Lenoir					
					Lv Wadesboro					
					Lv Polkton					
					Lv Peachland					
					Lv Marshville					
					Lv Wincote					
					Lv Monroe					
					Lv Monroe					
					Lv Mineral Springs					
					Lv Washburn N. C.					
					Lv Van Wyck S. C.					
					Catawba River					
					Lv Catawba					
					Lv Edgemore					
					Lv Redman					
					Lv Chester					
					Broad River					
					Lv Carleton					
					Tiger and Enoree Rivers					
					Lv Whitmire					
					Lv Payne					
					Lv Clinton					
					Lv Mountville					
					Lv Cross Hill					
					Saluda River					
					Lv Greenwood					

Characters explained on page 30:
Equipment on pages 6-1

(Continued on page 29)

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Dark Face Figures P.M.

621

Source:

Seaboard Air Line Railroad Time-table, effective
April 30, 1961

824

SCHEDULES BETWEEN EASTERN CITIES AND ATLANTA, BIRMINGHAM AND THE SOUTHWEST THROUGH VIRGINIA AND THE CAROLINAS

CHARACTERS—TABLES 11

- OPERATING INSTRUCTIONS
- a. Stops to receive and discharge passengers for and from Raleigh, Birmingham and beyond.
 - b. Stops on signal to receive or discharge revenue passengers.
 - c. Stops to discharge passengers from Birmingham and beyond.
 - d. Stops to receive and discharge passengers for or from Washington and beyond.
 - e. Stops to discharge passengers from Raleigh and beyond; to receive for Columbia, Monroe and beyond.
 - f. Stops to discharge passengers on notice to Conductor; to receive passengers on signal or on notice to ticket agent.
 - g. Stops to receive and discharge passengers for and from Atlanta, Birmingham and beyond.
 - h. Stops to receive and discharge passengers for and from Monroe and beyond.
 - i. Stops to receive and discharge passengers for and from Raleigh, Atlanta and beyond.
 - m. Stops on Mondays and Sundays only to receive passengers for Birmingham.
 - n. Stops to receive passengers for points east of Monroe.
 - o. Portsmouth-Atlanta coach 40-B, sleeper B-3, handled on Train 17 Portsmouth to Raleigh, then on Train 33 to Atlanta.
 - p. Atlanta-Portsmouth coach 40-B and sleeper B-4, handled on Train 34 Atlanta to Raleigh, then on Train 18 to Portsmouth.
 - q. Stops to receive and discharge passengers for and from points east of Norfolk and for and from Portsmouth and west of Hamlet.
 - r. Stops to discharge passengers from Atlanta and beyond and to receive passengers for points on the Portsmouth line.
 - a. Does not run on Saturday nights.

[fol. 825]

- o Steps to receive and discharge passengers for and from Raleigh, Birmingham and beyond.
- o Steps on signal to receive or discharge revenue passengers.
- o Steps to discharge passengers from Birmingham and beyond.
- o Steps to receive and discharge passengers for or from Washington and beyond.
- o Steps to discharge passengers from Raleigh and beyond; to receive for Columbia, Monroe and beyond.
- o Steps to receive passengers on notice to Conductor; to receive passengers on signal or on notice to ticket agent.
- o Steps to receive and discharge passengers for and from Atlanta, Birmingham and beyond.
- o Steps to receive and discharge passengers for and from Monroe and beyond.
- o Steps to receive and discharge passengers for and from Raleigh, Atlanta and beyond.
- o Steps on Saturdays and Sundays only to receive passengers for Birmingham.
- o Steps to receive passengers for other east of Monroe.
- o Portsmouth-Atlanta coach 40-B, sleeper B-3, handled on Train 17 Portsmouth to Raleigh, then on Train 33 to Atlanta.
- o Atlanta-Portsmouth coach 40-B and sleeper B-4, handled on Train 34 Atlanta to Raleigh, then on Train 18 to Portsmouth.
- o Steps to receive and discharge passengers for and from points east of Norfolk and for and from points south and west of Hamlet.
- o Steps to receive passengers from Atlanta and beyond and to receive passengers for points on the Portsmouth line.
- o Does not run on Saturday nights.
- o Does not run on Sundays.
- o Does not run on Sundays and Holidays.
- o Steps only to discharge passengers.
- o Except on Sundays Connection is FRR 155--Leave New York 5:30 P.M., Newark 5:45 P.M., Trenton 6:29 P.M., North Plain 6:57 P.M., Plain (30th St.) 7:30 P.M., Wilmington 7:38 P.M., Baltimore 8:40 P.M., Arriving Washington 9:20 P.M.
- o Board of Elizabeth River Tunnel Commission pick up passengers at street stops in Norfolk enroute Portsmouth on City Hall Ave. at Brewer St.; on Flame St. at Norfolk City Hall Annex; on Flame at Bank St.; on Church St. at City Hall Ave. and take stop in Portsmouth on Crawford St. one block west of Seaboard Station, on schedules of approximately every five minutes.
- o Board of Elizabeth River Tunnel Commission stop in Portsmouth on Crawford St. at corner of Bank west of Seaboard Station) enroute Norfolk and discharge in Norfolk at City Hall Ave. and Brewer Sts. on schedules of approximately every five minutes.

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Dark Face Figures P.M.

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TIME TABLE OF ATLANTIC COAST LINE
RAILROAD PASSENGER TRAINS SERVING
SEALMA, N. C.

NEW YORK, WASHINGTON, RICHMOND AND JACKSONVILLE

NEW YORK THROUGH WASHINGTON, RICHMOND AND ALL FLORIDA

SOUTHERN - READ DOWN

NORTHERN - READ UP

TABLE 1
DAILY TRAINS

Train No.	Station	Time	Train No.	Station	Time
101	New York	7:00 AM	102	New York	7:00 AM
103	New York	7:15 AM	104	New York	7:15 AM
105	New York	7:30 AM	106	New York	7:30 AM
107	New York	7:45 AM	108	New York	7:45 AM
109	New York	8:00 AM	110	New York	8:00 AM
111	New York	8:15 AM	112	New York	8:15 AM
113	New York	8:30 AM	114	New York	8:30 AM
115	New York	8:45 AM	116	New York	8:45 AM
117	New York	9:00 AM	118	New York	9:00 AM
119	New York	9:15 AM	120	New York	9:15 AM
121	New York	9:30 AM	122	New York	9:30 AM
123	New York	9:45 AM	124	New York	9:45 AM
125	New York	10:00 AM	126	New York	10:00 AM
127	New York	10:15 AM	128	New York	10:15 AM
129	New York	10:30 AM	130	New York	10:30 AM
131	New York	10:45 AM	132	New York	10:45 AM
133	New York	11:00 AM	134	New York	11:00 AM
135	New York	11:15 AM	136	New York	11:15 AM
137	New York	11:30 AM	138	New York	11:30 AM
139	New York	11:45 AM	140	New York	11:45 AM
141	New York	12:00 PM	142	New York	12:00 PM
143	New York	12:15 PM	144	New York	12:15 PM
145	New York	12:30 PM	146	New York	12:30 PM
147	New York	12:45 PM	148	New York	12:45 PM
149	New York	1:00 PM	150	New York	1:00 PM
151	New York	1:15 PM	152	New York	1:15 PM
153	New York	1:30 PM	154	New York	1:30 PM
155	New York	1:45 PM	156	New York	1:45 PM
157	New York	2:00 PM	158	New York	2:00 PM
159	New York	2:15 PM	160	New York	2:15 PM
161	New York	2:30 PM	162	New York	2:30 PM
163	New York	2:45 PM	164	New York	2:45 PM
165	New York	3:00 PM	166	New York	3:00 PM
167	New York	3:15 PM	168	New York	3:15 PM
169	New York	3:30 PM	170	New York	3:30 PM
171	New York	3:45 PM	172	New York	3:45 PM
173	New York	4:00 PM	174	New York	4:00 PM
175	New York	4:15 PM	176	New York	4:15 PM
177	New York	4:30 PM	178	New York	4:30 PM
179	New York	4:45 PM	180	New York	4:45 PM
181	New York	5:00 PM	182	New York	5:00 PM
183	New York	5:15 PM	184	New York	5:15 PM
185	New York	5:30 PM	186	New York	5:30 PM
187	New York	5:45 PM	188	New York	5:45 PM
189	New York	6:00 PM	190	New York	6:00 PM
191	New York	6:15 PM	192	New York	6:15 PM
193	New York	6:30 PM	194	New York	6:30 PM
195	New York	6:45 PM	196	New York	6:45 PM
197	New York	7:00 PM	198	New York	7:00 PM
199	New York	7:15 PM	200	New York	7:15 PM
201	New York	7:30 PM	202	New York	7:30 PM
203	New York	7:45 PM	204	New York	7:45 PM
205	New York	8:00 PM	206	New York	8:00 PM
207	New York	8:15 PM	208	New York	8:15 PM
209	New York	8:30 PM	210	New York	8:30 PM
211	New York	8:45 PM	212	New York	8:45 PM
213	New York	9:00 PM	214	New York	9:00 PM
215	New York	9:15 PM	216	New York	9:15 PM
217	New York	9:30 PM	218	New York	9:30 PM
219	New York	9:45 PM	220	New York	9:45 PM
221	New York	10:00 PM	222	New York	10:00 PM
223	New York	10:15 PM	224	New York	10:15 PM
225	New York	10:30 PM	226	New York	10:30 PM
227	New York	10:45 PM	228	New York	10:45 PM
229	New York	11:00 PM	230	New York	11:00 PM
231	New York	11:15 PM	232	New York	11:15 PM
233	New York	11:30 PM	234	New York	11:30 PM
235	New York	11:45 PM	236	New York	11:45 PM
237	New York	12:00 AM	238	New York	12:00 AM
239	New York	12:15 AM	240	New York	12:15 AM
241	New York	12:30 AM	242	New York	12:30 AM
243	New York	12:45 AM	244	New York	12:45 AM
245	New York	1:00 AM	246	New York	1:00 AM
247	New York	1:15 AM	248	New York	1:15 AM
249	New York	1:30 AM	250	New York	1:30 AM
251	New York	1:45 AM	252	New York	1:45 AM
253	New York	2:00 AM	254	New York	2:00 AM
255	New York	2:15 AM	256	New York	2:15 AM
257	New York	2:30 AM	258	New York	2:30 AM
259	New York	2:45 AM	260	New York	2:45 AM
261	New York	3:00 AM	262	New York	3:00 AM
263	New York	3:15 AM	264	New York	3:15 AM
265	New York	3:30 AM	266	New York	3:30 AM
267	New York	3:45 AM	268	New York	3:45 AM
269	New York	4:00 AM	270	New York	4:00 AM
271	New York	4:15 AM	272	New York	4:15 AM
273	New York	4:30 AM	274	New York	4:30 AM
275	New York	4:45 AM	276	New York	4:45 AM
277	New York	5:00 AM	278	New York	5:00 AM
279	New York	5:15 AM	280	New York	5:15 AM
281	New York	5:30 AM	282	New York	5:30 AM
283	New York	5:45 AM	284	New York	5:45 AM
285	New York	6:00 AM	286	New York	6:00 AM
287	New York	6:15 AM	288	New York	6:15 AM
289	New York	6:30 AM	290	New York	6:30 AM
291	New York	6:45 AM	292	New York	6:45 AM
293	New York	7:00 AM	294	New York	7:00 AM
295	New York	7:15 AM	296	New York	7:15 AM
297	New York	7:30 AM	298	New York	7:30 AM
299	New York	7:45 AM	300	New York	7:45 AM

SOURCE:

road 11/1
April 30

A.C.C. Docker No. 21567
Witness: George V. Bayless
Exhibit No. 12 (Revised)

623

Source:

Atlantic Coast Line Railroad Timetable Folder, effective April 30, 1961.

For reference codes, see next page (page 12).

All regularly designed equipment is air-conditioned.
For equipment carried on these buses see pages 8, 9, 12 and 13

A black and white micrograph showing a single cell. The cell has a large, roughly circular nucleus with a darker, more textured interior. The cytoplasm is lighter and contains several small, dark granules. The cell boundary is clearly defined.

Bound down

Report on

1. Plug stop to receive off-discharge passengers.
2. Transfer between Petersburg (A.C.L. Passenger Station) and Petersburg (Appomattox Street Station) made by taxi upon payment of taxi fare.
3. New York to Wilmington deeper operates in PER train 101, WF&P train 91 and A.C.L. train 91 New York to Rocky Mount, leaving New York 3:50 PM and Washington 8:20 PM. For schedule see table B on page 8.
4. Wilmington to New York deeper operates in A.C.L. train 2, WF&P train 2 and PER train 104 Rocky Mount to New York, leaving Rocky Mount 1:45 AM and arriving New York 10:45 AM. For schedule see table A on page 8.
5. Atlantic Greyhound bus leaves Wilmington but terminal 12:30 PM, arriving Myrtle Beach 2:15 PM.
6. Atlantic Greyhound bus leaves Myrtle Beach 2:22 PM, arriving Wilmington but terminal 4:35 PM.

[fol. 827]

TIME TABLE OF ATLANTIC COAST LINE RAILROAD PASSENGER TRAINS SERVING GOLDSBORO, N. C.

NEW YORK, WASHINGTON, RICHMOND AND WILMINGTON									
Head down					Head up				
TABLE 3									
149 77-49 Daily		Miles		TABLE 3 PER W&P ACL For equipment see table 2		150 78 48-78 Daily			
PM				Eastern Standard Time		AM			
	2:00	0	Lv New York (Penn. Sta.)	PER	Ar	9:20			
	2:15	10	Lv Newark	"	Ar	9:35			
	2:30	20	Lv Trenton	"	Ar				
	2:45	30	Lv North Philadelphia	"	Ar	8:25			
	2:55	40	Lv Philadelphia (Penn. Sta. 30th St.)	"	Ar	8:15			
	3:05	50	Lv Wilmington	"	Ar	7:45			
	3:15	60	Lv Baltimore (Penn. Sta.)	"	Ar	6:45			
	3:25	70	Lv Washington	"	Lv	6:00			
	3:40	80	Lv Washington	W&P	Ar	5:50			
	3:50	90	Lv Richmond, Va.	"	Lv	5:10			
	4:00	100	Lv Richmond, Va.	ACL	Ar	2:45			
	4:10	110	Lv Petersburg	"	Ar	2:00			
	4:20	120	Lv Emporia, Va.	"	Ar	1:10			
	4:30	130	Lv Weldon, N. C.	"	Ar	12:45			
	4:40	140	Lv Rocky Mount	"	Lv	12:10			
	4:50	150	Lv Rocky Mount	"	Ar	11:50			
	5:00	160	Lv Sea City	"	Lv	10:55			
	5:10	170	Lv Wilson	"	Lv	10:40			
			Continous River						
	4:30	180	Lv Black Creek	"	Lv	10:14			
	4:47	190	Lv Fremont	"	Lv	10:00			
	4:54	200	Lv Myrtle	"	Lv	9:55			
	5:01	210	Ar Goldsboro	"	Lv	9:35			
	5:31	220	Lv Goldsboro	Ar	Ar	9:35			
			Hatteras River						
	5:39	230	Lv Mount Olive	"	Lv	9:00			
	5:59	240	Lv Calypso	"	Lv	8:50			
	6:10	250	Lv Paison	"	Lv	8:40			
	6:25	260	Lv Warsaw	"	Lv	8:30			
	6:47	270	Lv Morehead	"	Lv	8:15			
	6:54	280	Lv Beaufort	"	Lv	8:00			
	7:03	290	Lv Teachey	"	Lv	7:50			
	7:10	300	Lv Wallace	"	Lv	7:37			
	7:15	310	Lv Willard	"	Lv	7:21			
	7:21	320	Lv Wikes	"	Lv	7:40			
	7:35	330	Lv Bangor	"	Lv	7:27			
	7:50	340	Lv Rocky Point	"	Lv	7:20			
			North Cape Fear River						
	7:59	350	Lv Castle Hayne	"	Lv	7:14			
	8:30	360	Lv Wilmington, N. C.	"	Lv	7:00			

REFERENCE NOTES

1. Flag stop to receive or discharge passengers.
2. Transfer between Petersburg (A.C.L. Passenger Station), and Petersburg (Appomattox Street Station) made by taxi upon payment of taxi fare.
3. New York to Wilmington sleeper operates in PER train 101, W&P train 91 and ACL train 91 New York to Rocky Mount, leaving New York 3:50 PM and Washington 8:20 PM. For schedule see table 5 on page 8.
4. Wilmington to New York sleeper operates in ACL train 2, W&P train 2 and PER train 104 Rocky Mount to New York, leaving Rocky Mount 1:45 AM and arriving New York 10:45 AM. For schedule see table A on page 8.
5. Atlantic Greyhound bus leaves Wilmington bus terminal 12:30 PM, arriving Myrtle Beach 2:55 PM.
6. Atlantic Greyhound bus leaves Myrtle Beach 2:22 PM, arriving Wilmington bus terminal 4:35 PM.

[fol. 827]

Source:

Atlantic Coast Line Railroad Timetable Folder,
issued April 30, 1961

CAROLINA TRAILWAYS

CHARLOTTE—RALEIGH—NORFOLK

[fol. 828]

[fol. 828]

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Russell's Official National Motor Coach Guide, July, 1961

828

TRAILWAYS EASTERN LINES

NORFOLK — RALEIGH — CHARLOTTE

[fol. 829]

Line Number	From	To	Days	Time	Notes
1000	ThruLine North-Birmingham-Dallas				
1001	ThruLine North-Charlotte				
1002	ThruLine North-Memphis				
1003	ThruLine North-Denver				
1004	ThruLine North-Birmingham-Dallas				
1005	ThruLine North-Charlotte				
1006	ThruLine North-Memphis				
1007	ThruLine North-Denver				
1008	ThruLine North-Birmingham-Dallas				
1009	ThruLine North-Charlotte				
1010	ThruLine North-Memphis				
1011	ThruLine North-Denver				
1012	ThruLine North-Birmingham-Dallas				
1013	ThruLine North-Charlotte				
1014	ThruLine North-Memphis				
1015	ThruLine North-Denver				
1016	ThruLine North-Birmingham-Dallas				
1017	ThruLine North-Charlotte				
1018	ThruLine North-Memphis				
1019	ThruLine North-Denver				
1020	ThruLine North-Birmingham-Dallas				
1021	ThruLine North-Charlotte				
1022	ThruLine North-Memphis				
1023	ThruLine North-Denver				
1024	ThruLine North-Birmingham-Dallas				
1025	ThruLine North-Charlotte				
1026	ThruLine North-Memphis				
1027	ThruLine North-Denver				
1028	ThruLine North-Birmingham-Dallas				
1029	ThruLine North-Charlotte				
1030	ThruLine North-Memphis				
1031	ThruLine North-Denver				
1032	ThruLine North-Birmingham-Dallas				
1033	ThruLine North-Charlotte				
1034	ThruLine North-Memphis				
1035	ThruLine North-Denver				
1036	ThruLine North-Birmingham-Dallas				
1037	ThruLine North-Charlotte				
1038	ThruLine North-Memphis				
1039	ThruLine North-Denver				
1040	ThruLine North-Birmingham-Dallas				
1041	ThruLine North-Charlotte				
1042	ThruLine North-Memphis				
1043	ThruLine North-Denver				
1044	ThruLine North-Birmingham-Dallas				
1045	ThruLine North-Charlotte				
1046	ThruLine North-Memphis				
1047	ThruLine North-Denver				
1048	ThruLine North-Birmingham-Dallas				
1049	ThruLine North-Charlotte				
1050	ThruLine North-Memphis				
1051	ThruLine North-Denver				
1052	ThruLine North-Birmingham-Dallas				
1053	ThruLine North-Charlotte				
1054	ThruLine North-Memphis				
1055	ThruLine North-Denver				
1056	ThruLine North-Birmingham-Dallas				
1057	ThruLine North-Charlotte				
1058	ThruLine North-Memphis				
1059	ThruLine North-Denver				
1060	ThruLine North-Birmingham-Dallas				
1061	ThruLine North-Charlotte				
1062	ThruLine North-Memphis				
1063	ThruLine North-Denver				
1064	ThruLine North-Birmingham-Dallas				
1065	ThruLine North-Charlotte				
1066	ThruLine North-Memphis				
1067	ThruLine North-Denver				
1068	ThruLine North-Birmingham-Dallas				
1069	ThruLine North-Charlotte				
1070	ThruLine North-Memphis				
1071	ThruLine North-Denver				
1072	ThruLine North-Birmingham-Dallas				
1073	ThruLine North-Charlotte				
1074	ThruLine North-Memphis				
1075	ThruLine North-Denver				
1076	ThruLine North-Birmingham-Dallas				
1077	ThruLine North-Charlotte				
1078	ThruLine North-Memphis				
1079	ThruLine North-Denver				
1080	ThruLine North-Birmingham-Dallas				
1081	ThruLine North-Charlotte				
1082	ThruLine North-Memphis				
1083	ThruLine North-Denver				
1084	ThruLine North-Birmingham-Dallas				
1085	ThruLine North-Charlotte				
1086	ThruLine North-Memphis				
1087	ThruLine North-Denver				
1088	ThruLine North-Birmingham-Dallas				
1089	ThruLine North-Charlotte				
1090	ThruLine North-Memphis				
1091	ThruLine North-Denver				
1092	ThruLine North-Birmingham-Dallas				
1093	ThruLine North-Charlotte				
1094	ThruLine North-Memphis				
1095	ThruLine North-Denver				
1096	ThruLine North-Birmingham-Dallas				
1097	ThruLine North-Charlotte				
1098	ThruLine North-Memphis				
1099	ThruLine North-Denver				
1100	ThruLine North-Birmingham-Dallas				

1000-ThruLine North-Birmingham-Dallas.
 1001-ThruLine North-Charlotte.
 1002-ThruLine North-Memphis.
 1003-ThruLine North-Denver.

1004-ThruLine North-Birmingham-Dallas.
 1005-ThruLine North-Charlotte.
 1006-ThruLine North-Memphis.
 1007-ThruLine North-Denver.

1008-ThruLine North-Birmingham-Dallas.
 1009-ThruLine North-Charlotte.
 1010-ThruLine North-Memphis.
 1011-ThruLine North-Denver.

All trips operate daily unless otherwise noted.

Source:

Russell's Official National Motor Coach Guide, July 1961

829

Exhibit No. 16 (Revised)

CAROLINA TRAILWAYS

TRAILWAYS EASTERN LINES

BOSTON **RICHMOND** **RALEIGH** **FAYETTEVILLE** **ANNETTA**
NEW YORK **NEW YORK** **NEW YORK** **NEW YORK** **NEW YORK**

[illegible]

- Turn Service.
- Post Reservations.
- Rental Service.

Mon or e—Monday only
 4—Five Star Service.
 5—Express Service.

2-Via connecting ship.
Sat. or 4-Saturday only.
11-First class on picture.

(QCC) or 4—Queen City Trailways.
—Express service only.

late hand.

VIA ROANOKE RAPIDS

READ DOWN				7325		READ UP			
				4-20-61					
1210	4 00	11 30	7 30	to New York, N.Y. (EDT) (STN)	8 30	8 30	3 00	5 00	11 30
7 45	7 45	12 15	8 00	to Pittsburgh, Pa. (EDT) (7300)	8 45	8 45	3 15	5 15	11 45
7 55	7 55	12 25	8 10	to Baltimore, Md. (EDT) (7310)	9 00	9 00	3 30	5 30	12 00
1157	8 10	12 35	8 20	to Washington, D.C. (STN)	9 15	9 15	3 45	5 45	12 15
1157	8 25	12 50	8 30	to Washington, D.C. (EDT)	9 30	9 30	4 00	6 00	12 30
1157	8 40	1 00	8 40	to Richmond, Va. (EDT) (7320)	9 45	9 45	4 15	6 15	12 45
1157	8 55	1 15	8 50	to Richmond, Va. (EDT) (7320)	10 00	10 00	4 30	6 30	1 00
1157	9 10	1 30	9 00	to Richmond, Va. (EDT) (7320)	10 15	10 15	4 45	6 45	1 15
1157	9 25	1 45	9 10	to Richmond, Va. (EDT) (7320)	10 30	10 30	5 00	7 00	1 30
1157	9 40	2 00	9 20	to Richmond, Va. (EDT) (7320)	10 45	10 45	5 15	7 15	1 45
1157	9 55	2 15	9 30	to Richmond, Va. (EDT) (7320)	11 00	11 00	5 30	7 30	2 00
1157	10 10	2 30	9 40	to Richmond, Va. (EDT) (7320)	11 15	11 15	5 45	7 45	2 15
1157	10 25	2 45	9 50	to Richmond, Va. (EDT) (7320)	11 30	11 30	6 00	8 00	2 30
1157	10 40	3 00	10 00	to Richmond, Va. (EDT) (7320)	11 45	11 45	6 15	8 15	2 45
1157	10 55	3 15	10 10	to Richmond, Va. (EDT) (7320)	12 00	12 00	6 30	8 30	3 00
1157	11 10	3 30	10 20	to Richmond, Va. (EDT) (7320)	12 15	12 15	6 45	8 45	3 15
1157	11 25	3 45	10 30	to Richmond, Va. (EDT) (7320)	12 30	12 30	7 00	9 00	3 30
1157	11 40	4 00	10 40	to Richmond, Va. (EDT) (7320)	12 45	12 45	7 15	9 15	3 45
1157	11 55	4 15	10 50	to Richmond, Va. (EDT) (7320)	1 00	1 00	7 30	9 30	4 00
1157	12 10	4 30	11 00	to Richmond, Va. (EDT) (7320)	1 15	1 15	7 45	9 45	4 15
1157	12 25	4 45	11 10	to Richmond, Va. (EDT) (7320)	1 30	1 30	8 00	10 00	4 30
1157	12 40	5 00	11 20	to Richmond, Va. (EDT) (7320)	1 45	1 45	8 15	10 15	4 45
1157	12 55	5 15	11 30	to Richmond, Va. (EDT) (7320)	2 00	2 00	8 30	10 30	5 00
1157	1 00	5 30	11 40	to Richmond, Va. (EDT) (7320)	2 15	2 15	8 45	10 45	5 15
1157	1 05	5 35	11 50	to Richmond, Va. (EDT) (7320)	2 30	2 30	9 00	11 00	5 30
1157	1 10	5 40	12 00	to Richmond, Va. (EDT) (7320)	2 45	2 45	9 15	11 15	5 45
1157	1 15	5 45	12 10	to Richmond, Va. (EDT) (7320)	3 00	3 00	9 30	11 30	6 00
1157	1 20	5 50	12 20	to Richmond, Va. (EDT) (7320)	3 15	3 15	9 45	11 45	6 15
1157	1 25	5 55	12 30	to Richmond, Va. (EDT) (7320)	3 30	3 30	10 00	12 00	6 30
1157	1 30	6 00	12 40	to Richmond, Va. (EDT) (7320)	3 45	3 45	10 15	12 15	6 45
1157	1 35	6 05	12 50	to Richmond, Va. (EDT) (7320)	4 00	4 00	10 30	12 30	7 00
1157	1 40	6 10	1 00	to Richmond, Va. (EDT) (7320)	4 15	4 15	10 45	12 45	7 15
1157	1 45	6 15	1 10	to Richmond, Va. (EDT) (7320)	4 30	4 30	11 00	1 00	7 30
1157	1 50	6 20	1 20	to Richmond, Va. (EDT) (7320)	4 45	4 45	11 15	1 15	7 45

WASHINGTON, N. C.—ENGELHARD

DOWN Operated by Longford-Washington Bus Line **UP**

[illegible]

FAYETTEVILLE—WASHINGTON, N.C.

DOWN

0		(EST)	7328	6-22-61			
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[fol. 830]

I.C.C. Docket, No. 21563
 Witness: George V. Baylis
 Exhibit No. 16 (Revised)

CAROLINA TRAILWAYS

TRAILWAYS EASTERN LINES

BOSTON NEW YORK RICHMOND RALEIGH FAYETTEVILLE AUGUSTA JACKSONVILLE

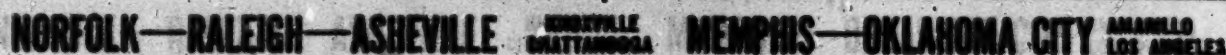
READ DOWN												7325 1-23-61												READ UP																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
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	-952	-953	-954	-955	-956	-957	-958	-959	-960	-961	-962	-963	-964	-965	-966	-967	-968	-969	-970	-971	-972	-973	-974	-975	-976	-977	-978	-979	-980	-981	-982	-983	-984	-985	-986	-987	-988	-989	-990	-991	-992	-993	-994	-995	-996	-997	-998	-999	-1000	-1001	-1002	-1003	-1004	-1005	-1006	-1007	-1008	-1009	-1010	-1011	-1012	-1013	-1014	-1015	-1016	-1017	-1018	-1019	-1020	-1021	-1022	-1023	-1024	-1025	-1026	-1027	-1028	-1029	-1030	-1031	-1032	-1033	-1034	-1035	-1036	-1037	-1038	-1039	-1040	-1041	-1042	-1043	-1044	-1045	-1046	-1047	-1048	-1049	-1050	-1051	-1052	-1053	-1054	-1055	-1056	-1057	-1058	-1059	-1060	-1061	-1062	-1063	-1064	-1065	-1066	-1067	-1068	-1069	-1070	-1071	-1072	-1073	-1074	-1075	-1076	-1077	-1078	-1079	-1080	-1081	-1082	-1083	-1084	-1085	-1086	-1087	-1088	-1089	-1090	-1091	-1092	-1093	-1094	-1095	-1096	-1097	-1098	-1099	-1100	-1101	-1102	-1103	-1104	-1105	-1106	-1107	-1108	-1109	-1110	-1111	-1112	-1113	-1114	-1115	-1116	-1117	-1118	-1119	-1120	-1121	-1122	-1123	-1124	-1125	-1126	-1127	-1128	-1129	-1130	-1131	-1132	-1133	-1134	-1135	-1136	-1137	-1138	-1139	-1140	-1141	-1142	-1143	-1144	-1145	-1146	-1147	-1148	-1149	-1150	-1151	-1152	-1153	-1154	-1155	-1156	-1157	-1158	-1159	-1160	-1161	-1162	-1163	-1164	-1165	-1166	-1167	-1168	-1169	-1170	-1171	-1172	-1173	-1174	-1175	-1176	-1177	-1178	-1179	-1180	-1181	-1182	-1183	-1184	-1185	-1186	-1187	-1188	-1189	-1190	-1191	-1192	-1193	-1194	-1195	-1196	-1197	-1198	-1199	-1200	-1201	-1202	-1203	-1204	-1205	-1206	-1207	-1208	-1209	-1210	-1211	-1212	-1213	-1214	-1215	-1216	-1217	-1218	-1219	-1220	-1221	-1222	-1223	-1224	-1225	-1226	-1227	-1228	-1229	-1230	-1231	-1232	-1233	-1234	-1235	-1236	-1237	-1238	-1239	-1240	-1241	-1242	-1243	-1244	-1245	-1246	-1247	-1248	-1249	-1250	-1251	-1252	-1253	-1254	-1255	-1256	-1257	-1258	-1259	-1260	-1261	-1262	-1263	-1264	-1265	-1266	-1267	-1268	-1269	-1270	-1271	-1272	-1273	-1274	-1275	-1276	-1277	-1278	-1279	-1280	-1281	-1282	-1283	-1284	-1285	-1286	-1287	-1288	-1289	-1290	-1291	-1292	-1293	-1294	-1295	-1296	-1297

TRAILWAYS THRU ROUTE SERVICE



NORFOLK—RALEIGH—ASHEVILLE **KNOXVILLE**
CHATTANOOGA **MEMPHIS—OKLAHOMA CITY** **AMARILLO**
LOS ANGELES

[illegible]



[fol. 832]

SEASHORE TRANSPORTATION COMPANY

GREENSBORO—RALEIGH—ROCKY MOUNT—
 GOLDSBORO—NEW BERN—CHERRY POINT—
 BEAUFORT

BEAUFORT—CHERRY POINT—NEW BERN—
 GOLDSBORO—ROCKY MOUNT—
 RALEIGH—GREENSBORO

Eastern Standard Time

5-27-61

READ DOWN

Bus Numbers →

3425

Asheville, N.C. (7416) (CCC)	1
Charlotte (7330) (CCC)	1
Columbia (7330) (CCC)	1
Asheville, N.C. (7330) (CCC)	1
Wilmington, N.C.	1
Smithfield	1
Rocky Mount	1
Ham City	1
Wilson	1
Wendell	1
Franklin	1
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NORTH CAROLINA COUNTIES THAT DO NOT
HAVE RAIL PASSENGER SERVICE (50 OUT
OF A TOTAL OF 100 COUNTIES)

<u>COUNTY</u>	<u>LAND AREA (SQ. MILES)</u>	<u>POPULATION (1960)</u>
Cherokee	454	16,335
Graham	289	6,432
Clay	213	5,526
Macon	517	14,935
Swain	530	8,387
Jackson	496	17,780
Haywood	543	39,711
Transylvania	379	16,372
Yancey	311	14,008
Rutherford	566	45,091
Cleveland	466	66,048
Lincoln	308	28,814
Mitchell	220	13,906
Avery	247	12,009
Caldwell	476	49,552
Watauga	320	17,529
Ashe	427	19,768
Alleghany	230	7,734
Wilkes	765	45,269
Surry	537	48,205
Union	643	44,670
Anson	533	24,962
Randolph	801	61,497
Stokes	459	22,314
Person	400	26,394
Granville	543	33,110
Onslow	756	82,706
Lenoir	391	55,276
Craven	725	58,773
Greene	269	16,741
Hertford	356	22,718
Bertie	693	24,350
Currituck	273	6,601
Camden	239	5,598

[fol. 834]

BEFORE THE INTERSTATE COMMERCE COMMISSION

EXHIBIT H-13

NORTH CAROLINA COUNTIES THAT DO NOT
HAVE RAIL PASSENGER SERVICE (50 OUT
OF A TOTAL OF 100 COUNTIES)

<u>COUNTY</u>	<u>LAND AREA (SQ. MILES)</u>	<u>POPULATION (1960)</u>
Cherokee	454	16,335
Graham	289	6,432
Clay	213	5,526
Macon	517	14,935
Swain	530	8,387
Jackson	496	17,780
Haywood	543	39,711
Transylvania	379	16,372
Yancey	311	14,008
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Mitchell	220	13,906
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Caldwell	476	49,552
Watauga	320	17,529
Ashe	427	19,768
Alleghany	230	7,734
Wilkes	765	45,269
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Union	643	44,670
Anson	533	24,962
Randolph	801	61,497
Stokes	459	22,314
Person	400	26,394
Granville	543	33,110
Onslow	756	82,706
Lenoir	391	55,276
Craven	725	58,773
Greene	269	16,741
Hertford	356	22,718
Bertie	693	24,350
Currituck	273	6,601
Camden	239	5,598
Pasquotank	229	25,630
Perquimans	261	9,178
Chowan	180	11,729
Gates	343	9,254

[fol. 834]

BEFORE THE INTERSTATE COMMERCE COMMISSION

EXHIBIT H-13

Continued

<u>COUNTY</u>	<u>LAND AREA</u> <u>(SQ. MILES)</u>	<u>POPULATION</u> <u>(1960)</u>
Dare	388	5,935
Tyrell	399	4,520
Washington	336	13,488
Martin	481	27,139
Beaufort	831	36,014
Pamlico	341	9,850
Carteret	532	30,940
Hyde	634	5,765
Craven	725	58,773
Jones	467	11,005
Sampson	963	48,013
Bladen	879	28,881
Totals -	23,364	1,315,235
Percent of State Total -	47.5%	28.8%

EXHIBIT H-14

All trains operate daily unless otherwise noted. Sat. or Sunday only.
 To or from Wilmington. Dly-Daily. Sun. or Sunday only.
 Agency stations to which baggage may be checked. Dly-Daily except Sunday.

[fol. 837]

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
DURHAM DIVISION
C-158-D-62

STATE OF NORTH CAROLINA; DUKE UNIVERSITY; THE DURHAM CHAMBER OF COMMERCE, INCORPORATED; RESEARCH TRIANGLE INSTITUTE; ERWIN MILLS, INC.; and MARY TRENT SEMANS, Plaintiffs,

v.

UNITED STATES OF AMERICA; INTERSTATE COMMERCE COMMISSION; and SOUTHERN RAILWAY COMPANY, Defendants.

Thomas Wade Bruton and Charles W. Barbee for State of North Carolina; E. C. Bryson for Duke University; F. Gordon Battle and Victor S. Bryant for Durham Chamber of Commerce and Research Triangle; A. H. Graham, Jr. for Erwin Mills; and E. C. Brooks, Jr. for Mary Trent Semans

H. Neil Garson and William H. Murdock, District Attorney, for United States of America; H. Neil Garson for Interstate Commerce Commission; and Joyner and Howison, Major L. P. McLendon, James A. Bistline, and Earl E. Eisenhart, Jr. for Southern Railway Company

Before Bell, Circuit Judge, and Craven and Preyer, District Judges.

OPINION—October 19, 1962

L. RICHARDSON PREYER, District Judge

This is an action brought under USC Title 28, Section 1336, in accordance with USC Title 28 Sections 1938, 2284 and 2321-2325. Its purpose is to set aside and enjoin en-

forcement of an order of the ICC granting Southern Rail-
[fol. 838] way Co. the right to discontinue all remaining
passenger service between Greensboro, N.C. and Golds-
boro, N.C. Acting under U.S.C. Title 49 Section 13a(2),¹
the Commission found that (1) the present or future pub-
lic convenience and necessity permit such discontinuance,
and (2) continuance of the operation would constitute an
unjust and undue burden on interstate operations of the
carrier and upon interstate commerce.

[fol. 839] On July 18, 1959, Southern Railway Company
filed a petition with the North Carolina Utilities Commis-
sion for discontinuance of its trains Nos. 13 and 16 which
are the last passenger trains operating between Goldsboro
and Greensboro, North Carolina. Actually, only one train
is involved, it being designated No. 16 in one direction and
No. 13 on the return trip.

Train No. 16 leaves Greensboro daily at 6:10 a.m., makes
twelve regular stops and arrives in Goldsboro at 10:45
a.m. Its principal stops are Burlington, Durham, Raleigh,
and Selma.

¹ Section 13a(2) provides that:

Where the discontinuance or change, in whole or in part, by
a carrier or carriers subject to this chapter, of the operation
or service of any train or ferry operated wholly within the
boundaries of a single state is prohibited by the constitution
or statutes of any state or where the state authority having
jurisdiction thereof shall have denied an application or pe-
tition duly filed with it by said carrier or carriers for au-
thority to discontinue or change, in whole or in part, the
operation or service of any such train or ferry or shall not
have acted finally on such an application or petition within
one hundred and twenty days from the presentation thereof,
such carrier or carriers may petition the Commission for
authority to effect such discontinuance or change. When any
petition shall be filed with the Commission under the pro-
visions of this paragraph the Commission shall notify the
Governor of the state in which such train or ferry is operated
at least thirty days in advance of the hearing provided for
in this paragraph, and such hearing shall in which such train
or ferry is operated; and the Commission is authorized to avail
itself of the cooperation, services, records, and facilities of
the authorities in such state in the performance of its func-
tions under this paragraph.

Train No. 13 leaves Goldsboro daily at 4:05 p.m. and arrives in Greensboro at 8:50 p.m. with similar stops along the route.

A sleeping car is attached to the train and by connection with other trains at Greensboro there is service to and from Washington, New York, and other major centers along the Eastern Seaboard.

These trains carry express but no freight or mail. The coaches have a capacity of 80 passengers. In addition, there is a 6 bedroom, ten-roomette sleeping car. There are six employees paid by the railroad servicing the train.

After hearings, the State Commission denied the application. Southern appealed to the North Carolina Superior Court, which affirmed the decision, and then to the Supreme Court of North Carolina which also affirmed. *Utilities Comm. v. R.R.*, 254 NC 73, 118 S.E. 2d 21 (1961).

On April 16, 1962, Southern filed a petition with the Interstate Commerce Commission under Section 13a(2) [fol. 840] of the Interstate Commerce Act, again seeking authority to discontinue the trains. The State of North Carolina and the other protestants were allowed to intervene.

The entire records of the hearings before the North Carolina State Utilities Commission, the North Carolina Superior Court, and the North Carolina Supreme Court were made a part of the record for consideration by the Interstate Commerce Commission.

The proceedings were referred to an ICC Examiner who, after holding hearings, recommended that the discontinuance be allowed. On July 2, 1962, Division 3 of the ICC issued an Order adopting the findings and conclusions of the Examiner and authorizing the discontinuance of the trains. A petition for reconsideration was denied by the ICC. This action followed.

ISSUES DISMISSED

At the threshold of the case, plaintiffs raise certain legal questions which, if meritorious, would require dismissal of the ICC Order without reaching the substantive aspects of the case. Specifically, plaintiffs attack the constitutionality

of section 13a(2); they claim a defect in the giving of notice of the discontinuance, as required by law; they contend that a lease from the North Carolina Railroad Corporation to the Southern Railway Company requires the continuance of these operations; and they claim that the decision of the North Carolina Supreme Court is res judicata on the issues, and that the ICC cannot make a [fol. 841] contrary determination without a showing of changes in the surrounding circumstances that occurred after the North Carolina Supreme Court decision. We think all of these arguments are without merit.

Plaintiffs' attack on the constitutionality of section 13a(2) is without merit. The scope of the commerce power is such that there is little room for doubt of the constitutionality of an act allowing the ICC to eliminate intrastate operations that adversely affect interstate commerce. *Gibbons v. Ogden*, 9 Wheat. (22 U.S.) 16 L. Ed. 23 (1824); *Wickard v. Filburn*, 317 U.S. 111 (118), 63 S. Ct. 82, 87 L. Ed. 122 (1942); *Wisc. R.R. Com. v. Chicago, Burlington and Quincy R.R. Co.*, 257 U.S. 563, 42 S. Ct. 232, 66 L. Ed. 371 (1922); (589-590); *Colorado v. U. S.*, 271 U.S. 153 (163, 165-166), 46 S. Ct. 452, 70 L. Ed. 878 (1926). We find section 13a(2) constitutional.

As to plaintiffs' claim of a defect in notice, it is clear that the claim is based on an oversight by the ICC in failing to change a reference in 49 CFR 43.6 when 49 CFR 43.5 was amended and renumbered. Section 13a(2) merely requires that the ICC notify the Governor of the state in which the train is operating. No further notice is required under section 13a(2) or under the commission regulations. We find that all requirements pertaining to notice have been met.

Plaintiffs further allege that the discontinuance of the trains in question would constitute a breach of the Lease Agreement between the Southern Railway Company and the North Carolina Railroad Company, dated August 16, [fol. 842] 1895, and, consequently, that it is unlawful for the ICC to authorize such discontinuance. But no obligation to require the Southern to operate passenger trains over the lines leased from the North Carolina Railroad can be unambiguously spelled out of the lease. Furthermore,

this issue was not raised before the ICC, and it should not be raised here for the first time. *Carolina Scenic Coach Lines v. United States et al.*, 56 Fed. Supp. 801 (803-804). (W.D. N.C. 1944); *Unemployment Comp. Com. v. Aragon*, 329 U.S. 143 (155), 67 S. Ct. 245, 91 L. Ed. 136 (1946); *Davis Administrative Law Treatise*, Section 20.06. Besides, the paramount power of Congress to regulate interstate commerce forces even express charter or lease provisions to give way before it. This has been held many times and is no longer in question, *Colorado v. United States*, 271 U.S. 153 (165-166), 46 S. Ct. 452, 70 L. Ed. 878 (1926); *Texas v. United States*, 292 U.S. 522, 531, 54 S. Ct. 819, 78 L. Ed. 1402 (1934); *Moeller v. Interstate Commerce Commission*, 201 F. Supp. 583 (S. D. Iowa, 1962); *Burke County, Georgia v. United States*, C.A. 1031 (S.D. Georgia, July 2, 1962, opinion not published).

Plaintiffs also seek to invoke the doctrine of res judicata to bar the ICC from considering the question of public convenience and necessity, alleging that this issue has been determined by the North Carolina Supreme Court in *State of North Carolina v. Southern Railway Company*, 254 N.C. 73, 118 S.E. 2d 21 (1961). This position cannot be sustained. Res judicata is a common law device to prevent litigation of [fol. 843] matters already litigated between the same parties or those in privity with them. *United States v. California Bridge & C. Co.*, 245 U.S. 337 (341), 38 S. Ct. 91, 62 L. Ed. 332 (1917). It is clear that a statute may change this common law rule. The statute before us, section 13a (2), provides "... [W]here the State authority having jurisdiction thereof shall have denied an application ... for authority to discontinue ... , [the] carrier ... may petition the [Interstate Commerce] Commission for authority ... the Commission may grant such authority only after a full hearing and upon findings by it ... " Since the statute requires the ICC to hold full hearings and to make findings, after a state decision, it seems quite clear that Congress did not intend for the state hearing to have res judicata effect. Cf. *Sprague v. Wall*, 7 Cir., 122 F. 2d 128 (1941); *NLRB v. Pacific*, 8 Cir., 228 F. 2d 170, 176 (1956). This interpretation is reinforced by the legislative history of section 13a(2) which shows that Congress was motivated

by a belief that State authorities were unduly regressive in that they often required continuance of uneconomic and unnecessary service. (S. Rep. No. 1647, 85th Cong., 2d Sess. (1958), pp. 21-22, H.R. Rep. No. 1922, 85th Cong., 2d Sess. (1958), pp. 11-12). The conclusion follows that Congress did not intend the ICC to give State determinations res judicata or collateral estoppel effect.

We proceed to the substantive issue in the case.

[fol. 844]

ISSUES INVOLVED

The central issue in the case is whether the order of the ICC authorizing discontinuance of the two trains is warranted in law and is supported by adequate findings based on substantial evidence of record.

Judicial review of an order of the ICC is limited. We may not set aside the ultimate findings of the Commission unless they are unsupported by substantial evidence on the record considered as a whole, involve error of law, or are arbitrary or capricious or constitute an abuse of discretion. Administrative Procedure Act, 5 U.S.C.A. §1009 (e); *Universal Camera Corp. v. NLRB*, 340 U.S. 474, 95 L. Ed. 456, 71 S.Ct. 456 (1950); *Carolina Scenic Coach Lines v. United States*, 56 F. Supp. 801, 804 (W.D. N.C. 1944), aff'd 323 U.S. 678, 65 S. Ct. 277, 89 L. Ed. 550 (1944). It is not the function of this court to appraise the conflicting testimony or other evidence, to judge the credibility of witnesses and to determine the weight of the evidence. A court "cannot substitute its own view concerning what should be done, whether with reference to competitive considerations or others, for the Commission's judgment upon matters committed to its determination, that has support in the record and the applicable law." *U.S. v. Pierce Auto Freight Lines, Inc.*, 327 U.S. 515, 536, 66 S. Ct. 687, 90 L. Ed. 821 (1946). But the order must be reversed if the Commission in arriving at its determination departed from the applicable rules of law and if its finding was arbitrary and capricious and had no basis in substantial evidence on the record as a whole.

[fol. 845] Plaintiffs contend that the conclusions of the Commission must fall because made under a mistake of

law. Specifically, they argue that the Commission's conclusion that the continued operations would constitute "an unjust and undue burden upon the interstate operations of Southern Railroad and upon interstate commerce" was made without considering the over-all prosperity of the carrier and the total operations of the carrier on the line involved, and that in such failure lies error. We think plaintiffs' position is well-taken.

As a matter of law, we think that the ICC cannot be said to have made a proper finding unless it takes into account the profits that the Southern Railway makes in its freight operations on the same intrastate line. *Chicago, M. St. P. & P.R. Co. v. Illinois*, 355 U.S. 300, 78 S. Ct. 304, 2 L. Ed. 2d 292 (1958); *Public Service Com. of Utah v. United States*, 356 U.S. 421, 78 S. Ct. 796, 2 L. Ed. 2d 886 (1958). Unless this is taken into account, the full weight of the burden placed upon interstate commerce by these intrastate operations cannot be determined. *Chicago* and *Utah* cases, *supra*. At the time of the decision of the Supreme Court in *Chicago, M. St. P. & P.R. Co. v. Illinois*, *supra*, Title 49 U.S.C. section 13(4) provided that the ICC could change intrastate railway rates where they discriminated against interstate commerce in favor of intrastate commerce. The Supreme Court in the *Chicago* case held that the true nature of the burden on interstate commerce caused by discriminatory rates could not be assessed unless the other revenues in that state were taken into account. As stated [fol. 846] by the Supreme Court, (P. 305): "the occasion for the exercise of the federal power asserted by section 13(4) is the necessity for effecting the required contribution by intrastate traffic of its proportionate share of the revenues necessary to pay a carrier's operating costs and yield a fair return." In order to determine the burdens on interstate commerce caused by an intrastate loss, it is necessary to take into account intrastate profits. Cf. *North Carolina v. U.S.*, 325 U. S. 507, 65 S. Ct. 1260, 89 L. Ed. 1760 (1945).

If losses in an intrastate operation are so exceeded by profits of intrastate operation of the same general type in the same state, so as to pay operating expenses and yield a high profit, the net effect on interstate operations is not

a burden on interstate commerce. If the ICC is then to cut off all of the intrastate operations that suffer a loss, while retaining all others, the result would be to require the intrastate operations to bear more than their share. The intent of Congress was to prevent burdens on interstate commerce, not require tribute therefor.

It must be remembered that the state has a legitimate interest in intrastate commerce—"intrastate rates are primarily the state's concern and federal power is 'dominant 'only so far as necessary to alter rates which injuriously affect interstate transportation.' *North Carolina v. U.S.*, supra, at 511 . . . [justification for the exercise of this exceptional federal power] must 'clearly appear'", *Chicago, M. St. P. & P.R. Co.*, supra. To find that segment of intra-[fol. 847] state operations represents an ultimate "burden" upon interstate commerce without reference to the question of whether intrastate operations generally on the same line make it such a burden might permit the entire field of intrastate operations to be federally arrogated by a separate treatment of segments unrelated to the net or total effects.

The *Chicago* and the *Utah* cases cited above are rate and revenue cases brought under section 13(4) rather than discontinuance cases under section 13a(2). It is clear, however, that section 13(4) cases furnish analogous authority for section 13a(2) cases. The "unjust and undue burden" standard contained in section 13a(2) derives from section 13(4) of the Act and from judicial decisions relating to the power of the Commission to prescribe intrastate rates which impose an unjust or undue burden on interstate commerce. In section 13a(2) Congress also intended to prevent burdens on interstate commerce by intrastate operations that do not bear their full share of costs and profit. S. Rep. No. 1647, 85th Cong., 2d Sess. (1958), pp. 21-22; H.R. Rep. No. 1922, 85th Cong., 2d Sess. (1958), pp. 11-12. Indeed, section 13a(2) cases stand in a fortiori relationship to section 13(4) cases. For to allow passenger service to be abandoned, in this case altogether, as contrasted to raising passenger fares, involves a far more serious incursion upon the traditional rights of the states. See *Southern Railroad Co. v. South Carolina Public Ser-*

vice Company, et al., 31 F. Supp. 707, 710 (E.D. S.C. 1940). [fol. 848] But defendants contend that the authority of the *Chicago* and the *Utah* cases cited above has been vitiated by the amendment to section 13(4), 75 Stat. 570 Pub. L. 85-625 section 4, an amendment which was keyed directly to these cases. The amendment was enacted on August 12, 1958; *Chicago* was handed down in January of 1958 and *Utah* in May of 1958. Section 13(4) was amended to allow the ICC to make a determination that intrastate railway rates discriminated against interstate commerce "without a separation of interstate and intrastate property, revenues, and expenses, and without considering in totality the operations or results thereof of any carrier . . . wholly within any state."²

[fol. 849] In our opinion, the amendment to section 13(4) does not overturn the existing law applicable to discontinuance cases. Section 13a(2) was enacted at the same time that section 13(4) was amended. At that time, the purpose of amending section 13(4) was fresh in the minds of Congress. If Congress had decided not to require the ICC to take into account the net result of the total operations of

² Section 13(4) was amended by the addition of the italicized portions:

"Section 13, par. (4) Duty of Commission where State regulations result in discrimination. Whenever in any such investigation the Commission, after full hearing, finds that any such rate, fare, charge, classification, regulation, or practice caused any undue or unreasonable advantage, preference, or prejudice as between persons or localities in intrastate commerce on the one hand and interstate or foreign commerce on the other hand, or any undue, unreasonable, or unjust discrimination against, or undue burden on, interstate or foreign commerce (*which the Commission may find without a separation of interstate and intrastate property, revenues, and expenses, and without considering in totality the operations or results thereof of any carrier or group or groups of carriers wholly within any State*), which is hereby forbidden and declared to be unlawful, it shall prescribe the rate, fare, or charge, or the maximum or minimum, or maximum and minimum, thereafter to be charged, and the classification, regulation, or practice thereafter to be observed, in such manner as in its judgment, will remove such advantage, preference, prejudice, discrimination, or burden * * *"

the intrastate lines in discontinuance cases as well as rate and revenue cases, it would have been easy to have amended proposed section 13a(2) just as section 13(4) was amended. This was not done.³

In any event, all that the major addition to section 13(4) does is to provide that the ICC may . . . make their determination "without a separation of interstate and intrastate property, revenues and expenses, and without considering in totality the operation or results thereof of any carrier . . . wholly within any state." This seems to mean that the Commission may decide without having to look into the above matter. However, where, as in this case, the matter was presented to the ICC, it would not seem likely that Congress intended the ICC to ignore these factors. The new provision indicates that the ICC may [fol. 850] make a decision under section 13(4) without considering the totality of intrastate operations when the facts as to totality of intrastate operations have not been presented to the Commission by the parties. However, where they are presented, they should be taken into account. The permissive phraseology of the section would appear to us to mean that a decision of the Commission will not be upset simply because it fails to find specifically these facts where they have not been put in issue by the evidence before the Commission, but this does not mean that such facts where relevant and pertinent are not to be considered.⁴

³ It has been argued that since Congress amended section 13(4) to add the words "undue burden", and at the same time enacted section 13a(2) using the words "undue burden", Congress intended that the new provisions of section 13(4) were to be applied to section 13a(2). In other words, the argument is that the new addition to section 13(4) became a definition of "undue burden". However, it would appear more likely that the major amendment to section 13(4) was a grant of additional power to the ICC in applying section 13(4), rather than a new definition of "undue burden."

⁴ Another possible interpretation of the amendment is that it allows the ICC to make a change in rates without considering the overall statewide totality of a carrier's results—i.e. without considering *all* rates within a state—but does not mean that the totality of operations on the particular line in question should

[fol. 851] This interpretation of the amendment to section 13(4) is the one adopted by the courts. In *Utah Citizens Rate Association v. United States*, 192 F. Supp. 12 (D. Utah 1961), the three judge court stated at p. 18 that "We believe that a matter of procedure rather than any substantive change in the basic transportation policy of the Congress is involved [in the amendment]. If this were not so, serious conceptual and constitutional, and further practical difficulties, would be invited The legislative history of the amendment bolsters this view." *Utah* was affirmed per curiam in 365 U.S. 649, 81 S. Ct. 834, 5 L. Ed. 2d 857 (1961).

It would, therefore, appear that when making a determination under section 13a(2) to discontinue one type of

not be considered. See Conf. Report, Administrative News, 85th Cong. 2d Sess., at pps. 3484-5:

"The amendment (to section 13(4)) deals only with the nature of the evidence to support such a finding. By two recent decisions of the Supreme Court (*Chicago, Milwaukee, St. Paul and Pacific Railroad Co. v. State of Illinois* (January 13, 1958), 355 U.S. 300, 356 U.S. 906, 78 S. Ct. 304, 665, and *Public Service Commission of Utah v. United States* (May 19, 1958), 356 U.S. 421, 78 S. Ct. 796, 2 L. Ed. 2d 886), the Commission is required to consider the entire State operation, freight and passenger, in determining whether or not the intrastate freight rates were causing an undue revenue discrimination against interstate commerce. If the holdings in these cases mean that the required finding of—

undue, unreasonable, or unjust discrimination against or undue burden on, interstate or foreign commerce—

can be made only in the light of the overall statewide totality of a carrier's operating results derived from its entire body of rates applicable within the State, it would preclude the Commission from making such a finding on a showing of only the effect of the particular rate or rates in question. The Commission could not, under such an interpretation, continue to function effectively in removing unjust discrimination against interstate commerce caused by interstate rates and charges The above three amendments to paragraph (4) of section 13 do not vest the Commission with jurisdiction that it does not have today but deal with procedures in the exercise of that jurisdiction better to strengthen the protection of interstate commerce as designed in this provision of the act."

service on a line, where such facts are pertinent and relevant, and especially when such facts are before the Commission, the ICC must take into account the revenues from all services on the line. Without taking this into account, an interference of this nature into the completely intrastate affairs of any state based upon the burden that state has placed upon interstate commerce cannot be supported.

Both the Trial Examiner's Report and the decision of the ICC below indicate that they did not take this factor into account. The following appears at pages 11 and 12 of the Examiner's Report:

"At the hearing, protestants emphasized the fact that petitioner's net railway operating income in 1960 was \$36,107,699, and that its net income alone from freight operations on the line between Greensboro and Goldsboro averages \$630,000, thus contending that the overall prosperity of the petitioner, as well as its intrastate freight operations, must be given effect in the disposition of the issues involved herein. With these contentions, the examiner disagrees."

[fol. 852] On appeal, Division 3 of the ICC followed the Examiner's position (at pp. 4, 5):

"But, interveners argue, petitioner's net income from freight traffic over the line is such that over-all profitable operations result therefrom. It is their contention therefore, that the operation between Greensboro and Goldsboro cannot be held to be a burden upon interstate commerce. Their conclusion is that any application of section 13a(2) to a situation where an overall profitable operation is held to be a burden on interstate commerce results in an unconstitutional application of the provisions of the statute. In short, interveners allege that petitioner's net income from its freight operations over the line must be given effect when considering whether the continued operation of its passenger trains Nos. 13 and 16 will constitute a burden on interstate commerce. We think that such premise is contrary to the intent of Congress under the statute here involved. By analogy, interveners'

view would require a determination that overall losses have resulted on traffic handled over the line. In that instance, however, petitioner could obtain adequate relief under the abandonment provisions of section 1(18) of the Act."

The ICC then states the rule to be as follows (p. 5):

"Nowhere in section 13a(2) or elsewhere in the law is there any requirement that the prosperity of the intrastate operations of the carrier as a whole, or any particular segment thereof, must be given effect in determining whether the operation of an individual intrastate train imposed an unjust and undue burden on interstate commerce. To hold otherwise would be contrary to the apparent intent of the Congress."

The examiner and the ICC have misconstrued the intent of Congress and the contentions of the plaintiffs, as well as the applicable law. It is a non-sequitur to say that "by analogy, interveners' plaintiffs view would require a determination that overall losses have resulted on traffic handled over the line." Plaintiffs do not contend—and it is not the law—that there can be no discontinuance unless freight and passenger service considered together show a net loss. Rather, plaintiffs' contention is that the \$630,000 freight profit is a factor to be considered in determining whether the \$90,000 passenger loss on the same line constitutes an unjust and undue burden on interstate commerce. Whether there is a net profit or net loss is not necessarily the controlling factor, but the amount of the net profit or net loss is a factor to be considered. Whether the operation of the passenger service is a burden on interstate commerce and whether there is any longer a public need sufficient to justify the financial losses involved are questions not susceptible of scientific measurement or exact formulae but are questions of degree and involve the balancing of conflicting interests. All material factors bearing on the questions must be taken into account, the ICC

² Quoting from *Southern Pacific Co.—Partial Discontinuance of Passenger Trains, Los Angeles, etc.*, 312 ICC 531.

must consider a fair picture.* Because Congress has expressed concern over the financial conditions of railway passenger service does not justify a reading of their intent to mean that if a segment of passenger service shows a loss, it is unnecessary to consider all other relevant factors, including the freight profits on the same line, to determine whether the loss constitutes a burden on interstate commerce.

[fol. 854] We hold, then, that the Commission should have considered the relative amount of profit on one service and loss on the other in making its finding of whether the passenger service here involved constituted an undue burden on interstate commerce.

SUBSTANTIAL EVIDENCE ON THE RECORD

In order to allow discontinuance under section 13a(2) the Commission must find, based on substantial evidence on

* See *Colorado v. United States*, 271 U.S. 153, 168-9; 70 L. Ed. 878, 885. (Brandeis, J): "In many cases, it is clear that the extent of the whole traffic, the degree of dependence of the communities directly affected upon the particular means of transportation, and other attendant conditions, are such that the carrier may not justly be required to continue to bear the financial loss necessarily entailed by operation. In some cases, although the volume of the whole traffic is small, the question is whether abandonment may justly be permitted, in view of the fact that it would subject the communities directly affected to serious injury while continued operation would impose a relatively light burden upon a prosperous carrier. The problem and the process are substantially the same in these cases as where the conflict is between the needs of intrastate and of interstate commerce. Whatever the precise nature of these conflicting needs, the determination is made upon a balancing of the respective interests—the effort being to decide what fairness to all concerned demands. In that balancing the fact of demonstrated prejudice to interstate commerce and the absence of earnings adequate to afford reasonable compensation are, of course, relevant and may often be controlling. But the act does not make issuance of the certificate dependent upon a specific finding to that effect."

⁷ All relevant factors are considered in fixing freight rates. Southern has received six increases in freight rates since 1951, in all of which the size of passenger deficits were taken into account. ICC Record, Vol. 11, pp. 197-200.

the record as a whole, that (a) the present or future public convenience and necessity permit of such discontinuance, and (b) the continued operation or service without discontinuance in whole or in part, will constitute an unjust and undue burden upon the interstate operation of such carrier or upon interstate commerce. Title 49 USC section 13a(2).

The use of the words "undue" and "unjust" must mean that there are permissible burdens, that is, "due" and "just" burdens. There is an interrelation between findings (a) and (b). To make a determination, the Commission must weigh the public convenience and necessity against the burdens.

What then is the public convenience and necessity to be served by this railroad.

The record discloses that the two trains in question are the last remaining east-west passenger trains between Goldsboro and Greensboro, North Carolina. Until September 1954 Southern operated three pairs of passenger trains on this line. One pair of trains was discontinued in [fol. 855] 1954 and another pair in 1958 which reduced the passenger service to trains Nos. 13 and 16 which are involved in this proceeding. The principal public convenience presently afforded by these trains arises from the interconnecting service at Greensboro with north-south trains on Southern's main line. The pullman service furnishes convenient overnight travel to New York and other East Coast cities, allowing a full working day to the traveler and thus conserving work time. A number of witnesses pointed out the superior convenience of this service to travel by air.

The City of Durham has the largest natural interest in the use of the trains, 48% of the passengers embarking or leaving the trains there. This city has a population of 78,302. A witness for the railroad could recall only five cities in the United States with a population in excess of 70,000 that are without rail passenger service. The discontinuance of these trains would leave Durham County (1960 population 111,995), Alamance County (1960 population 85,674), and Orange County (1960 population

42,970) without any rail passenger service.* These three counties with a total population of 240,639 are located in the industrial Piedmont section of North Carolina.

The witnesses who testified at the hearings as to the need of these trains included:

[fol. 856] 1. Four members of the U. S. Army assigned to the Office of Ordnance Research located at Duke University who testified that the continuation of the trains was necessary for the satisfactory performance of their duties (relating to anti-missile missile work). Their individual annual use of the train was fifteen to twenty trips a year.

2. Two students at Duke University testified as to their and other students' use and need of the trains.

3. Professors from Duke University and the University of North Carolina who testified as to the need of the trains in carrying on their duties.

4. Patients at Duke Hospital who testified as to the medical necessity of the trains in getting to and from their home in New York to the hospital.

5. Testimony of a Research Chemist from Philadelphia, Pennsylvania, as to his use and need for the transportation.

6. A textile executive from New York City whose company owns a mill in Durham testified as to his necessity for the use of the trains.

7. The Director of Transportation for Burlington Industries, Inc., Burlington, North Carolina, testified as to the need for the trains both for employees of the company and for buyers, suppliers and technical people visiting the [fol. 857] plants of the company."

* Fifty of North Carolina's 100 counties are without passenger rail service. Durham County is 1/3 larger in population than the largest county without such service. Record before North Carolina Supreme Court, p. 259.

" 30-40 employees of Burlington Industries are "regular" users, averaging approximately one trip a month each. Customers and buyers (especially women buyers) also use the train. Burlington

8. The President of the Research Triangle Institute, a recently established nonprofit organization providing research service to corporations, governmental agencies and foundations, testified as to the use and need of the trains by his staff, and that the continued operation of the trains was extremely important to the proper functions of his organization. The Institute staff consists of 86 full time members today; it is anticipated that this figure will be 170 by the end of 1962.

9. The President of the Golden Belt Manufacturing Company of Durham testified as to his use and need of the train. This witness explained the necessity for train travel in the operation of his business.

10. The President of the Burlington Chamber of Commerce testified that rail passenger service was instrumental in the growth of Burlington and that the discontinuance of trains would seriously handicap the area.

11. A Burlington Executive testified as to the need for the trains by himself, his buyers, and his customers.

[fol. 858] 12. The Dean of Trinity College of Duke University, who made twenty to twenty-five trips a year himself, testified as to the need and convenience of the trains.

13. The Secretary of the Committee on Educational Institutions of the Duke Endowment testified that his work required use of these trains.

14. A Professor of Physics and a Member of the Advisory Committee of Reactor Safeguards, a part of the Atomic Energy Commission, testified that his work required the use of the trains at an average rate of a trip per month.

15. The President of Duke University testified to his use of the trains and that of his trustees and that their continuance was a matter of convenience and necessity.

Industries has assisted Southern in the removal of other schedules and originally did not protest the discontinuance involved here. Subsequent studies of the company needs caused Burlington to reverse its position. ICC Record, Vol. 111, pp. 374-6.

(He had made five trips to New York since the first of the year.)

16. The General Manager of the Jack Tar Hotel in Durham testified that the continued operations of the trains serve a necessary and convenient purpose for the guests who stay at his hotel and that the removal of the trains would not only be detrimental to efforts to attract conventions to Durham, but would inconvenience those persons attending such conventions.

17. The Director of Durham's Committee of 100 testified as to the need of the trains in locating and retaining industry in the Durham area.

[fol. 859] 18. The President of the Southerland Dye and Finishing Plant in Mebane, North Carolina, testified as to his use of the trains and their need in his area.

19. The Office Manager of the Belk Leggett Department Store in Durham testified as to his store's need of the trains for sending buyers to New York. The buyers consist of a group of four to six people going to New York once a month, ten months out of the year.

20. There was evidence of the need of the service in the industrial development of the area from Justin Kingston, a New York textile executive, now building a plant in Durham to employ two hundred to three hundred employees; from the Director of Transportation for Burlington Industries; from George Watts Hill, Chairman of the Board of the Home Security Life Insurance Company and of the Durham Bank and Trust Company, and numerous others. In addition, one witness, Dr. Thomas Powell, a man with an investment of a million dollars in the biological supply business in Elon, North Carolina, testified that the loss of rail passenger service might cause that business to leave North Carolina,

21. Evidence indicated that there are three universities in or near Durham (two in Durham, one in Chapel Hill in Orange County). A total of 14,737 students attended these institutions in 1958-9 and attendance is steadily increasing. [fol. 860] There are eight hospitals located in or near Durham. Six are within ten minutes by ambulance or auto from the Durham railroad passenger service. The other two, Butner and Memorial Hospital are within twenty to

twenty-four minutes. These hospitals treated a total of over 431,000 patients in 1959.

To summarize, in addition to the need for the services by the general public, the testimony indicated the need existed as to four principal areas: industry, hospitals, Duke University, and the U. S. Army.

The record indicates that the trains serve a growing area. The Durham-Burlington area is already heavily industrialized, with Burlington Mills and Western Electric predominating in Burlington, and the cigarette industry in Durham. In addition, in the opinion of Southern's General Industrial Agent "this area holds great promise in the field of industrial development . . . the new Research Triangle will give tremendous impetus to this growth and create ever-increasing industrial interest in this section." (Southern's freight traffic on the Greensboro-Goldsboro line may be expected to benefit accordingly.)

That this is a growing area would be meaningless if the growth was not reflected in increasing use of the trains. Southern points to a very large decline in passengers from [fol. 861] the year 1948 (an average of 77.51 per trip) to 1960 (an average of 20.2 per trip). This decline would seem to reflect the general revolution in transportation caused by the shift in travel from railways to air, bus, and private car. This decline appears to have bottomed out, however, and recent figures indicate that the use of the trains is increasing with the growth of the area:

	PASSENGERS ¹⁰		
	1959	1960	1961 (5 months)
Total	14,251	14,776	8,934
Daily Average	19.5	20.2	29.6
Average Passenger mile per train mile ¹¹	6.83	7.33	9.97

¹⁰ These figures do not include any pass riders, which were estimated at the hearing before the State-Utilities Commission at 8% of the total passengers.

¹¹ The evidence does not disclose the average number of passengers per train mile on the 55 mile portion of the line between Greensboro and Durham, although the principal public convenience presently afforded by trains Nos. 13 and 16 related to travel between these two cities. The line between Greensboro and Goldsboro is 129 miles long.

We note that the statute refers to "the present or future public convenience and necessity."

The increase in use may not be substantial (although it represents an increase of nearly 60% in the daily average number of passengers patronizing these trains in the first five months of 1961 as compared with the entire year of 1959), but must be viewed in the light of Southern's failure to seek passengers. Plaintiffs accuse Southern of [fol. 862] making a deliberate effort to discourage passenger service on the trains. Be that as it may, there is considerable evidence that Southern has done little, if anything, to promote greater use of these trains. The last advertising for the service before the commencement of these hearings occurred in 1951;¹² the president of the Research Triangle Institute testified that his associates did not know of the service until he told them. In contrast, there was testimony that Seaboard, with reference to its Raleigh service, actively advertised and solicited patronage and operated a well-staffed passenger office.

The ICC emphasized the availability of other means of travel to serve this area. There is good bus and air service, and the number of private automobiles is larger than the state-wide average. The fact of other methods of travel is a factor to be considered but it is not decisive. The statute speaks of convenience as well as of necessity. Also, the existence of *alternative* modes of travel in a heavily populated area should be considered a "convenience", and under some circumstances (such as air line strikes and bad weather) a "necessity."

What are the burdens imposed on interstate commerce by the operation of the trains?

[fol. 863] The ICC found that the carrier's annual out-of-pocket savings resulting from the discontinuance of the two trains would exceed \$90,000 each year.¹³ On this same

¹² Six advertisements appeared in the Durham paper in 1960. ICC Record, Vol. 111, pp. 308, 335. The hearing before the North Carolina Public Utilities was on Oct. 6, 1959, and the decision was handed down on January 20, 1960.

¹³ Plaintiffs contended that the maximum out-of-pocket loss was only \$33,688 in 1960, while Southern contended it would exceed \$117,640. The difference is largely accounted for by plaintiffs giving effect to the 58 per cent state and federal income tax de-

line of track the railroad made a net freight operating profit of \$630,000 in 1960.

Taking into account total operation of this line, there is a profit not a loss, a benefit, not a burden. The relative amount of profit on one service and loss on the other is a factor.

When we turn from this particular line to the over-all operations of Southern Railway, we find that the over-all profit of Southern Railway in 1960 for its entire system was \$30,702,542 after the payment of all taxes and all operating expenses. The figure for 1958 was \$30,254,231 and for 1959 was \$33,126,744.¹⁴ The accumulated surplus [fol. 864] of Southern in 1960 was \$343,594,070. The effect of the losses of the Greensboro-Goldsboro passenger service on the financial structure of the railroad is inconsequential.¹⁵ The degree by which the loss impairs the ability of the carrier properly to serve interstate commerce is not substantial.

But it is unfair to compare the loss from a particular segment of a passenger rail line to the total profit of the company. Nor is this the test. The question is whether the particular segment of the railway involved is contributing its fair share to the over-all company operations, or whether its share constitutes a burden on the company and on interstate commerce. The evidence in the record is not clear or full on the question of whether this segment

duction resulting from the deficit operation, on the ground that this is a cost borne by the state and national governments and thus would not affect the financial condition of the railroad itself and therefore could not affect interstate commerce by weakening the railroad's capital structure. But uneconomical transportation is not rendered less so by passing a portion of the burden to Federal and State governments in the form of reduced income taxes . . . "an uneconomic outlay of funds would not be in the interest of transportation even though the money be derived from the national government." *Purcell v. United States*, 315 U.S. 381, 385 (1942). As far as the effect of the deficit operation on the shareholders and the financial structure of Southern is concerned, however, the argument carries weight.

¹⁴ ICC Record, Vol. 11, p. 202.

¹⁵ As to its effect on shareholders, the loss in 1960 reduced net profits by .0016%, (after giving effect to state and federal income tax deductions).

of the line is contributing its fair share to the over-all company operations, but the evidence points in the direction that the Greensboro-Goldsboro line contributes at least its fair share. For example, Southern's over-all passenger deficit in 1960 was \$14,669,798 on its 2,913 passenger miles. The average loss per mile is then \$5,035 on a system-wide basis. If we assume Southern's net operating passenger deficit on the Greensboro-Goldsboro line was \$117,641 for 1960 (on a line of 130 miles); then the average loss per mile was \$912.¹⁶ The evidence further indicates that the [fol. 865] average revenue per passenger mile in 1960 was .0305 for trains Nos. 13 and 16, as compared with a company wide average of .0296 and a North Carolina average of .0301, indicating a greater revenue per passenger mile on the Greensboro-Goldsboro line than on the Southern's operations as a whole.¹⁷

We find no comparative figures relating to freight profits in the record. The amount of the freight profits on the Greensboro-Goldsboro line was apparently arrived at by taking 61% of the Southern Railway's average freight profits per mile multiplied by the total Greensboro-Goldsboro mileage.

The burdens of a public utility must be viewed in light of the principle that a public utility cannot shut off all unprofitable service—it must continue to serve, even at a loss as to some operations when the public convenience and necessity do not permit the loss of the service. Mr. Justice Frankfurter, in *Ala. Public Serv. Com. v. Southern Ry. Co.*, 341 U.S. 341, 71 S. Ct. 762, 95 L. Ed. 1002 puts it:

"Unlike a department store or grocery store, a railroad cannot of its own free will discontinue a particular service to the public because an item of its business has

¹⁶ This figure is only approximate. Mr. Gleason testified that the \$14,669,798 included all losses while the \$117,641 was only the out of pocket losses resulting solely from the trains' operations. ICC Record, Vol. 11, pp. 209-211.

¹⁷ For the first five months of 1961, the Greensboro-Goldsboro figures had fallen to .0274 compared to a company average of .0300. We find no figures for other years. ICC Record, Vol. 11, pp. 164-5.

become unprofitable One of the duties of a railroad doing business as a common carrier is that of providing reasonably adequate facilities for serving the public. This duty arises out of the acceptance and [fol. 866] enjoyment of the powers and privileges granted by the State and endures so long as they are retained. It represents a part of what the company undertakes to do in return for them, and its performance cannot be avoided because it will be attended by some pecuniary loss."

Upon our examination of the entire record, in the light of the applicable principles of law, we fail to find substantial evidential facts to support the Commission's holding that the service in question constitutes an undue burden on the interstate aspects of the carrier's operations. The basic facts are not in conflict—nor is there any real conflict in the evidence offered by the parties. The question is whether there is "such relevant evidence as a reasonable mind might accept as adequate to support a conclusion." *Consolidated Edison Co. v. N.L.R.B.*, 305 U.S. 197, 229; 59 S. Ct. 205, 217, 83 L. Ed. 126 (1933); *Davis, Administrative Law Treatise*, Vol. 4, p. 186. We think there is not.

This court is specifically authorized by the Administrative Procedure Act (5 U.S.C.A. 1009) to "hold unlawful and set aside agency action findings and conclusions found to be arbitrary, capricious . . . or otherwise not in accordance with law . . . (or) unsupported by substantial evidence." By the provisions of Title 28, sec. 1336, jurisdiction is accorded to "set aside (or) annul any order of the Interstate Commerce Commission."

Pursuant to this authority, we hold unlawful and set aside the action of the Interstate Commerce Commission authorizing the carrier to abandon its passenger service. [fol. 867] We also hold unlawful and set aside the ultimate conclusions of the Interstate Commerce Commission that the service in question constitutes an undue burden on interstate commerce and that the present or future public convenience and necessity permits such discontinuance. We hold that such action and conclusions are arbitrary

and capricious because not in accordance with law and because not supported by substantial evidence.

We do not invalidate and do not set aside any of the subsidiary findings of fact made by the agency. Since we accord to them administrative finality, and since the record is complete bearing upon all aspects of the controversy, there would appear to be no occasion for remand. The procedure of remanding to an administrative agency is to afford the agency an opportunity to meet objections to its order by correcting irregularities in procedure, or supplying deficiencies in its record, or making additional findings, or supplying findings validly made to take the place of those invalidated.¹⁹ None of these purposes would be served by remanding this case to the Interstate Commerce Commission for the simple reason that we have noted no irregularities in procedure and no important deficiencies in the record, and for the additional reason that we have invalidated [fol. 868] dated no subsidiary findings of fact but only ultimate conclusions of law and agency action.

Judgment For Plaintiffs

J. Spencer Bell, U. S. Circuit Judge.

J. B. Craven, Jr., U. S. District Judge, L. Richardson Preyer, U. S. District Judge.

October 19th, 1962.

¹⁹ 2 Am. Jur. 2d, "Administrative Law" sec. 764.

[fol. 869]

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
DURHAM DIVISION
C-158-D-62

STATE OF NORTH CAROLINA, et al.,

v.

SOUTHERN RAILWAY COMPANY, et al.

DECREE—October 19, 1962

The above entitled cause coming on to be heard on the 13th day of September, 1962, and all parties thereto having appeared by counsel, and the court having heard the arguments of counsel and having reviewed the record, and upon due consideration thereof it appearing to the court that the plaintiffs should be granted the relief prayed for in their complaint, it is therefore, on this the 19th day of October, 1962,

Ordered, Adjudged and Decreed that the Order of the Interstate Commerce Commission be set aside and that the defendant, Southern Railway Company, its officers, agents and employees, be permanently and perpetually enjoined and restrained from discontinuing passenger trains, Nos. 13 and 16, between Greensboro and Goldsboro, North Carolina.

The defendant, Southern Railway Company has until 12:00 noon, 24th day of October, 1962, in which to comply with this order.

[fol. 870] It is further Ordered, Adjudged and Decreed that the defendant, Southern Railway Company, pay the

costs of these proceedings to be taxed by the Clerk of this Court.

J. Spencer Bell, U. S. Circuit Judge.

J. B. Craven, Jr., U. S. District Judge; L. Richardson Preyer, U. S. District Judge.

October 19, 1962.

[fol. 871]

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
DURHAM DIVISION

[Title omitted]

NOTICE OF APPEAL BY SOUTHERN RAILWAY COMPANY TO THE
SUPREME COURT OF THE UNITED STATES—Filed December
14, 1962

I

Notice is hereby given that Southern Railway Company, a defendant in the above entitled action, hereby appeals to the Supreme Court of the United States from the Final Judgment holding unlawful and setting aside the action of the Interstate Commerce Commission, taken pursuant to the authority of 49 U.S.C., Section 13(a)(2), granting to defendant permission to discontinue its passenger trains Nos. 13 and 16 running between Greensboro, North Carolina, and Goldsboro, North Carolina, and permanently and perpetually enjoining and restraining Southern Railway Company, its officials, agents and employees, from discontinuing said passenger trains. ③

[fol. 872] This appeal is taken pursuant to 28 U.S.C., Section 1253 and Section 2101(b).

II

The Clerk will please prepare a transcript of the Record in this cause for transmission to the Clerk of the Supreme

Court of the United States and include in such transcript the following:

- (1) Order of the Three Judge District Court dated October, 19, 1962;
- (2) Opinion of the Three Judge District Court dated October 19, 1962;
- (3) Complaint (as amended) in the United States District Court of State of North Carolina; Duke University; The Durham Chamber of Commerce, Incorporated; Research Triangle Institute; Erwin Mills, Inc.; and Mary Trent Semans;
- (4) Answer in the United States District Court of the Southern Railway Company;
- (5) Answer in the United States District Court of the Interstate Commerce Commission and the United States of America;
- (6) Volume Numbers 1, 2, 3 and 4 of stenographer's minutes before the Interstate Commerce Commission in Finance Docket No. 21563 (consisting of 597 pages);

[fol. 873]

- (7) Petition of the Southern Railway Company before the Interstate Commerce Commission, including Exhibits 1 through 31, dated April 6, 1961;
- (8) Exhibits H-1 through H-25 before the Interstate Commerce Commission in Finance Docket No. 21563;
- (9) Order of the Interstate Commerce Commission dated August 8, 1962, finding no issue of general transportation importance;
- (10) Report of the Interstate Commerce Commission, Division 3, in Finance Docket No. 21563, decided June 27, 1962, service date July 2, 1962, together with Order of the Interstate Commerce Commission, Division 3, granting the Petition of the Southern Railway Company to discontinue the operation of the passenger trains;

- (11) Report and Order recommended by William J. Gibbons, Hearing Examiner, in Interstate Commerce Commission Finance Docket No. 21563, served on October 27, 1961;
 - (12) Letter of July 31, 1961, from the Attorney General of North Carolina, correcting Volumes 1 and 2 of the stenographer's notes before the Interstate Commerce Commission;
- [fol. 874]
- (13) Letter of August 9, 1961, from the Attorney General of North Carolina, correcting Volumes 3 and 4 of the stenographer's notes before the Interstate Commerce Commission;
 - (14) Transcript of the testimony before the North Carolina Utilities Commission in Docket No. R-29, Sub 111, consisting of 621 pages;
 - (15) Bound record in the Supreme Court of North Carolina in Case No. 457, Fall Term 1960 (Grey back volume consisting of 384 pages);
 - (16) Exhibits 1 through 28 before the North Carolina Utilities Commission in Docket No. R-29, Sub 111;
 - (17) Exhibits A through H and A-1 through G-1 before the North Carolina Utilities Commission in Docket No. R-29, Sub 111;
 - (18) This Notice of Appeal.

III

The following questions are presented by this appeal:

- (1) Where the District Court accepted, as valid and as properly supported, the Interstate Commerce Commission's findings of fact as to the economic burden of two intrastate passenger train operations sought to be discontinued, was it error for the District Court to reverse the ultimate conclusion of the Commission that the continued operation of the trains will constitute an unjust and undue burden upon interstate commerce on the ground that such ultimate con-

[fol. 875] elusion of fact was arbitrary, capricious and not supported by "such relevant evidence as a reasonable mind might accept as adequate to support a conclusion"?

(2) Where the District Court stated that it had accepted, as valid and as properly supported, all of the subsidiary findings of fact of the Commission, was it error for the District Court to reverse the ultimate conclusion of the Commission that the present and future public convenience and necessity permit the discontinuance of the passenger trains on the ground that such ultimate conclusion of fact by the Commission was arbitrary, capricious and not supported by evidence?

(3) In arriving at its conclusion that the evidence was insufficient to justify the Commission's finding that public convenience and necessity does not require continuance of the service, did the District Court err in weighing the evidence in substituting its judgment for that of the Commission as to the weight and significance to be given the evidentiary facts and in making its own findings as to the need for the service?

(4) Did the District Court err in substituting its opinion for that of the Commission as to the result of the weighing of the economic waste and the consequent damage to the Railroad and to the national transportation system from the enforced continuance of operations against the disappearing use of the passenger service in question?

(5) Did the District Court err in construing Section 13(a)(2), Title 49 U.S.C., to require that the Interstate [fol. 876] Commerce Commission must, as a matter of law, determine and consider the profit, if any, made by the Railroad from overall operations on the segment of line between Greensboro and Goldsboro, North Carolina, from which the deficit passenger trains 13 and 16 were to be discontinued, and err in holding that the Commission had not given adequate consideration to the question of such profit?

(6) Was it error for the District Court to attempt to consider or to reach any conclusion of its own as to the

possible profits earned from the Railroad's total operations over the 129 mile line in question by looking at figures as to the average per mile earnings over the Railroad's 6,000 mile interstate system, and in the absence of any competent evidence of the overall earnings on the segment in question?

(7) If the District Court did not err in its conclusion that Section 13(a)(2), Title 49 U.S.C., requires in this case consideration of the freight profit from the operation of the segment over which the passenger trains in question operate, did the District Court err in finding that the record is "complete bearing upon all aspects of the controversy", and did the District Court err in reversing the Order of the Commission instead of remanding the matter for the purpose of taking additional evidence, if necessary, and of considering operating profits and making agency findings thereon?

[fol. 877] (8) Did the District Court err in permanently and perpetually enjoining and restraining the Southern Railway, its officers, agents and employees from discontinuing the passenger trains in question?

This 13th day of December, 1962.

W. T. Joyner, P. O. Box 109, Raleigh, North Carolina.

W. T. Joyner, Jr., P. O. Box 109, Raleigh, North Carolina.

Earl E. Eisenhart, Jr., Of Counsel, P. O. Box 1808, Washington, D. C.

[fol. 878]

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
DURHAM DIVISION

[Title omitted]

NOTICE OF APPEAL BY UNITED STATES TO THE SUPREME COURT
OF THE UNITED STATES—Filed December 17, 1962

I.

Notice is hereby given that the United States of America, a defendant in the above-entitled civil action, hereby appeals to the Supreme Court of the United States from the final judgment and decree entered in this action on October 19, 1962.

This appeal is taken pursuant to 28 U.S.C. §§ 1253 and 2101(b).

II.

The Clerk of the District Court will please prepare a transcript of the record in this cause for transmission to the Clerk of the Supreme Court of the United States, and include in said transcript the following:

(1) Complaint filed August 18, 1962, and amendments to complaint by the State of North Carolina et al., plaintiffs, including the exhibits attached thereto;

(2) Answer of the defendant Southern Railway Company including the exhibits attached thereto;

(3) Answer of the United States of America and the Interstate Commerce Commission;

[fol. 879] (4) Designation of three-judge court dated August 24, 1962;

(5) Opinion of the Court dated October 19, 1962;

(6) Judgment order of the Court dated October 19, 1962;

(7) This notice of appeal.

III.

The following questions are presented by this appeal:

(1) Whether the District Court misinterpreted section 13a(2) of the Interstate Commerce Act in determining that public convenience and necessity did not permit the discontinuance of Southern Railway's passenger trains operating between Greensboro and Goldsboro, North Carolina, and that the losses from that passenger service did not constitute an unjust and undue burden upon the interstate operations of such carrier or upon interstate commerce.

(2) Whether the District Court erred in holding that "If losses in an intrastate operation are so exceeded by profits of intrastate operation of the same general type, in the same state, so as to pay operating expenses and yield a high profit, the net effect on interstate operations is not a burden on interstate commerce."

(3) Whether the District Court erred in not remanding the proceeding to the Commission to make additional findings in light of the court's interpretation of the statute.

(4) Whether the District Court erred in holding that the evidence in the record failed to support the conclusion that public convenience and necessity permit the discontinuance of the passenger train service and that the continued operation of such passenger service will constitute an unjust and undue burden upon the interstate operations of such carrier or upon interstate commerce.

(5) Whether the District Court erred in reappraising and weighing the evidence and in substituting its judgment for the Commission's judgment, although accepting all of [fol. 880] the Commission's subsidiary findings of fact, in finding that public convenience and necessity did not permit the discontinuance of the passenger trains, and that losses from the operation of those trains will not constitute an unjust and undue burden upon the interstate operations of such carrier or upon interstate commerce.

John H. D. Wigger, Attorney, Department of Justice, Washington 25, D. C.

Lee Loevinger, Assistant Attorney General.

William H. Murdock, United States Attorney,
Greensboro, North Carolina.

Attorneys for United States of America

[fol. 881]

[File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
DURHAM DIVISION

[Title omitted]

Civil Action No. C-158-D-62

NOTICE OF APPEAL BY THE INTERSTATE COMMERCE COMMISSION TO THE SUPREME COURT OF THE UNITED STATES—
Filed December 17, 1962

I.

Notice is hereby given that the Interstate Commerce Commission, defendant in the above-styled civil action hereby appeals to the Supreme Court of the United States from the final judgment entered in this action on October 19, 1962.

This appeal is taken pursuant to 28 U.S.C. 1253 and 2101(b).

II.

The clerk will please prepare a transcript of the record in this cause for transmission to the Clerk of the Supreme Court of the United States, and include in said transcript the record made before the Commission filed with the district court, and the following:

(a) Complaint filed August 18, 1962, and amendments to complaint by the State of North Carolina, et al., plaintiffs, including the exhibits attached thereto;

[fol. 882] (b) Answer of the defendant Southern Railway Company including the exhibits attached thereto;

(c) Answer of the United States of America and the Interstate Commerce Commission;

(d) Designation of three-judge court dated August 24, 1962;

(e) Opinion of the Court dated October 19, 1962;

(f) Judgment order of the Court dated October 19, 1962;

(g) This notice of appeal.

III.

The following questions are presented by this appeal:

(1) Whether the district court erred in holding that the Commission is required to take into account the net earnings from all freight operations by a railroad over a particular line of railroad in determining whether the continuance of intrastate passenger train service over that line constitutes an unjust and undue burden on the interstate operations of the railroad and upon interstate commerce.

(2) Whether the district court erred in substituting its judgment for that of the Commission, and in making independent findings that continued operation of the trains is required by public convenience and necessity and will not constitute an unjust and undue burden.

(3) Whether the district court erred in holding that the Commission's findings that the present and future public convenience and necessity permit the discontinuance of the passenger train service and that the continued operation of the passenger trains would constitute an unjust and undue burden upon the interstate operations of the rail carrier and upon interstate commerce, were not supported by substantial evidence.

[fol. 883] (4) Whether the district court erred in failing to give the Commission an opportunity on remand to make appropriate findings of fact and conclusions of law.

Robert W. Ginnane, General Counsel.

H. Neil Garson, Associate General Counsel.

Attorneys for Interstate Commerce Commission.

[fol. 883a] Clerk's Certificate to foregoing transcript
(omitted in printing).

[fol. 884]

SUPREME COURT OF THE UNITED STATES

Nos. 823 and 943, October Term, 1962

SOUTHERN RAILWAY COMPANY, Appellant,

vs.

NORTH CAROLINA, et al.; and

UNITED STATES, et al., Appellants,

vs.

NORTH CAROLINA, et al.

Appeals from the United States District Court for the
Middle District of North Carolina.

ORDER NOTING PROBABLE JURISDICTION—May 13, 1963

The statements of jurisdiction in these cases having been
submitted and considered by the Court, probable jurisdic-
tion is noted. The cases are consolidated and a total of
two hours is allotted for oral argument.